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ANNUAL REPORT 1984-1985

CALIFORNIA STATE BOARD OF EQUALIZATION

FISCAL YEAR ENDED June 30, 1985

BOARD
MEMBERS

WILLIAM M. BENNETT
First District

CONWAY H. COLLIS
Vice Chairman
Second District

ERNEST J. DRONENBURG, JR.
Chairman
Third District

RICHARD NEVINS
Fourth District

KENNETH CORY
State Controller

DOUGLAS D. BELL
Executive Secretary

In Memoriam
George R. Reilly

1903-1985

George R. Reilly, whose 44 years as a Member of the State Board of Equalization was the longest tenure of any elected state official in California history, died August 6, 1985 in San Francisco after a long illness.

Citing failing health, Mr. Reilly resigned from the Board July 15, 1982. Within a few days, he suffered a severe stroke, and was confined thereafter to a convalescent hospital until the day before his death, when he was transferred to Presbyterian Hospital.

Mr. Reilly was born in the Mission District of San Francisco March 21, 1903. At age 25, he was appointed to the San Francisco Elections Commission by Mayor James Rolph. Mayor Angelo Rossi later appointed him to the San Francisco Board of Permit Appeals. He was then elected to the Board of Supervisors.

He was a licensed real estate broker when he was urged by Governor Culbert Olson to run for the Board of Equalization. He was reluctant, because his mother had warned him that "political jobs don't last very long."

In 1938, Mr. Reilly won the first of eleven consecutive elections to the Board. Twice during his long tenure, he ran unsuccessfully for Mayor of San Francisco—in 1943 and 1955. For ten of his 44 years he served as Chairman of the Board.

Mr. Reilly was originally elected to serve the First Equalization District which extended from San Francisco southward along the coast to San Luis Obispo. Through the years, his district was expanded to include the Mother Lode gold country, the counties of Santa Barbara and Ventura, and the northern portion of Los Angeles County.

George Reilly was deeply concerned about the burden of taxes on those who could least afford to pay, particularly older homeowners who were in danger of being taxed out of their homes. He was the author and crusading advocate of a comprehensive tax reform program, much of which was eventually enacted into law. He was personally interested in the welfare of the Board's employees, and he made special efforts to help them.

George Reilly was a devoted public servant, who gave unstintingly of himself to the State of California; to his constituents; ~~and to nu~~merous civic, fraternal, religious, and charitable organizations. He was elected Supreme Governor of the World for the Loyal Order of the Moose, and was one of the founders and co-president of the Irish-Israeli-Italian Society of San Francisco.

He was commended in a resolution by the State Assembly for his fund raising activities in behalf of scholarships for orphaned children and hospitals for the aged. In 1981 the State Senate honored him in session, presenting him with a resolution commending him "on his exemplary record of service to, and concern for the betterment of his community and state."

George Reilly loved all people of diverse origins, but especially the Irish for he was the quintessential Irishman. He was president of the Ancient Order of Hibernians and of the United Irish Society of California. For 27 years he served as chairman of San Francisco's Annual St. Patrick's Day Parade. His rich sense of humor brought pleasure to those whose lives he touched.

He was truly beloved by many in all walks of life, for, in the words of Rudyard Kipling, he "walked with kings yet kept the common touch."

In tribute and with much affection, this Annual Report is respectfully dedicated to George R. Reilly.

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STATISTICAL APPENDIX

STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION
1020 N. STREET, SACRAMENTO, CALIFORNIA
(P.O. BOX 1799, SACRAMENTO, CALIFORNIA 95808)

WILLIAM M. BENNETT
First District, Kentfield

CONWAY H. COLLIS
Second District, Los Angeles

ERNEST J. DRONENBURG, JR.
Third District, San Diego

RICHARD NEVINS
Fourth District, Pasadena

KENNETH CORY
Controller, Sacramento

DOUGLAS D. BELL
Executive Secretary

The Honorable George Deukmejian
Governor of California

Dear Governor Deukmejian:

We are pleased to furnish to you the Annual Report of the State Board of Equalization for the 136th fiscal year, ended June 30, 1985. It includes a review of revenue activities assigned to the Board and a statement of our expenditures to administer them.

There is also included statistical information concerning both property and business taxes in which the Board is involved with state and local governments.

Respectfully submitted,

Ernest J Dronenburg Jr.

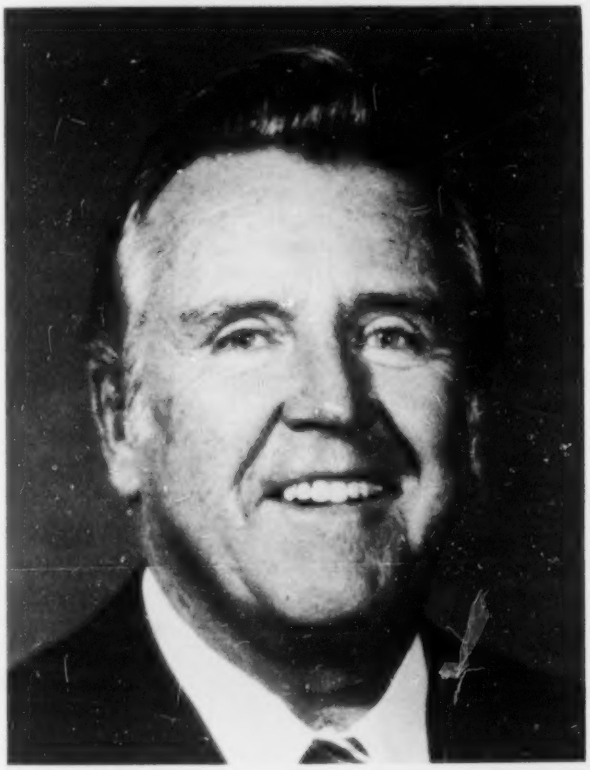
Ernest J. Dronenburg, Jr., Chairman
Conway Collis, Vice Chairman
William M. Bennett
Richard Nevins
Kenneth Cory, State Controller

Douglas D. Bell, Executive Secretary
December 31, 1985

I. BOARD MEMBERS

First District

WILLIAM M. BENNETT



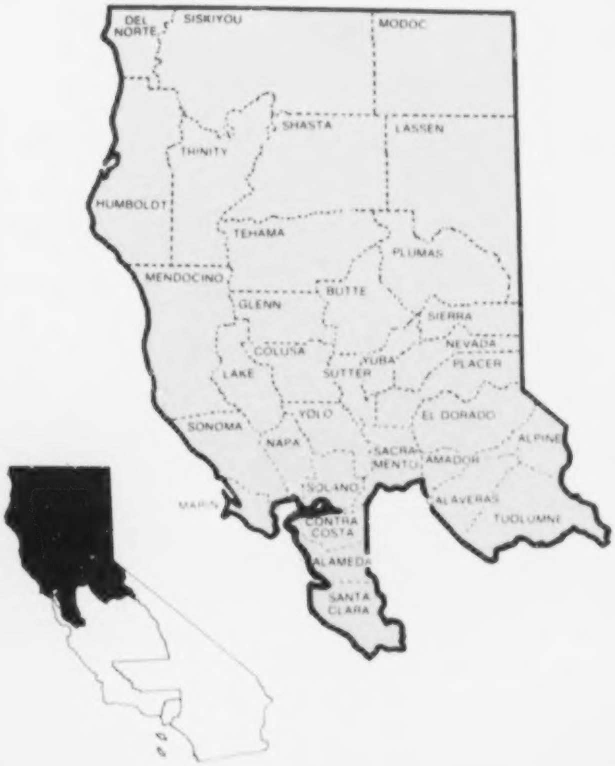
William M. Bennett began serving his fourth term as a Member of the Board of Equalization in January 1983. Mr. Bennett was reelected to represent the Third Equalization District in November 1982. However, under the 1983 reapportionment of the Board, that District was redesignated the First Equalization District and was expanded from 28 to 33 northern California counties.

Mr. Bennett is Chairman of the Board's Valuation of State Assessees Committee and of the Timber Advisory Committee. He served his first term as Chairman of the Board in 1972. When Board Chairman John Lynch died in office in December 1975, Mr. Bennett was serving as Vice Chairman. He was elected Chairman to complete Mr. Lynch's term, and was reelected in 1976, 1977, 1979, 1982, and 1983.

Mr. Bennett is a member of the State Bar of California and has been admitted to practice before the United States Supreme Court, appearing on behalf of the State of California eight times in significant criminal, civil, and antitrust litigation. He has practiced extensively before both state and federal regulatory agencies and commissions. In 1969 Mr. Bennett was permitted by the U.S. Supreme Court to make a special appearance as a self-appointed "consumer spokesman" to present an argument in antitrust litigation involving the El Paso Natural Gas Company. It was the first time in the history of the Court that an individual who was neither a party to a case nor representing a specific client was permitted to make such an extraordinary appearance.

Mr. Bennett began his government career as a Deputy Attorney General of California and served in that capacity for 12 years. In 1958, he was appointed chief counsel to the California Public Utilities Commission; in 1962, he was appointed a member of that Commission and later served as its president.

Mr. Bennett was born in San Francisco in 1918. He and Mrs. Bennett have four children: William, Jr., James, Michael, and Joan. During World War II, Mr. Bennett served as a captain in the Air Force, completing 50 missions in the 15th Air Force over Europe. Mr. Bennett has been a professor of law, teaching administrative law and consumer protection courses at Hastings College of Law, University of California, San Francisco.


DEL NORTE
SISKIYOU
MODOC
SHASTA
LASSEN
TRINITY
HUMBOLDT
TEHAMA
PLUMAS
MENDOCINO
BUTTE
GLENN
SIERRA
NEVADA
COLUSA
YUBA
PLACER
LAKE
SUTTER
EL DORADO
YOLO
SONOMA
NAPA
SACRAMENTO
AMADOR
ALPINE
SOLANO
MARIN
CALAVERAS
TUOLUMNE
CONTRA COSTA
ALAMEDA
SANTA CLARA

Second District

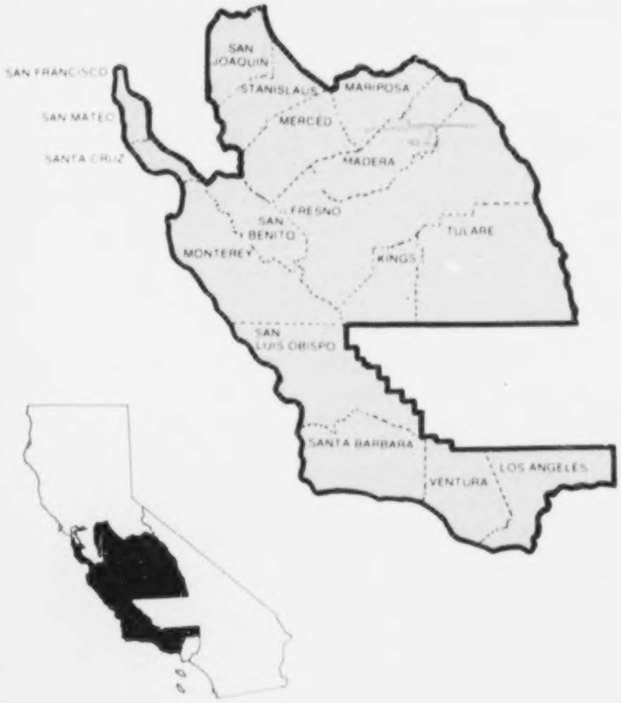
CONWAY H. COLLIS

Conway Collis represents the Second Equalization District which includes the western and San Fernando Valley portions of Los Angeles County, all of the coastal counties north through and including San Francisco, and most of the San Joaquin Valley counties.

Since California is the only state to directly elect officials to oversee the state's tax system, Collis has sought to do more than simply administer tax laws—he has actively tried to serve as an ombudsman or "taxpayer's representative" for the people in his district.

The cornerstone of that commitment is the "open office days" that Collis has held throughout his sprawling district. As part of his efforts to make the tax system more accessible and less threatening to the average citizen, the "open office days" give taxpayers a chance to talk directly with Collis about their tax problems. Hundreds of people have thus far availed themselves of this opportunity to take their tax problems "to the top."

Collis has worked towards lessening red tape for individual and business taxpayers, as well as reforming California's tax policy. He has advocated reducing the state's sales tax by closing several special interest loopholes and has sponsored a ballot initiative that—by conforming the state system to the federal—would greatly simplify the filing of state income tax returns. Collis also led the state's lobbying effort to make federal tax reform fairer to California taxpayers.



Before Collis became a Board Member, taxpayers who relied in good faith upon advice of Board staff that proved erroneous were subject to penalty and fines anyway. Collis successfully pushed legislation to end that outrageous practice and to provide safeguards for taxpayers who in good faith have acted as instructed by the Board. He is working to extend that same protection to taxpayers dealing with the Franchise Tax Board. Another high priority is his proposal to make tax credits available to businesses which provide child care services for employees. When available, it should result in additional and safer care for California's children.

Mr. Collis was born in Chicago, Illinois, in 1948 and moved to California in 1966. He graduated with honors from Occidental College in 1970 and from Stanford Law School in 1974. After graduation from Stanford, Mr. Collis served as a counsel on the U.S. Senate Labor and Human Resources Committee and as domestic policy advisor to U.S. Senator Alan Cranston (1974–1977) in Washington, D.C. Returning to California, he directed Senator Cranston's statewide field and finance operations from 1978–1980. Before resigning to run for the Board of Equalization in 1982, Collis was Executive Director of the U.S. Senate Democratic Leadership Circle.

A former high school and college athlete, Collis runs, lifts weights, and holds a black belt in karate. He is married to Margaret S. Henry, President of the Women Lawyers Association of Los Angeles. They have one child, Everett Henry "Rocky" Collis.

Third District

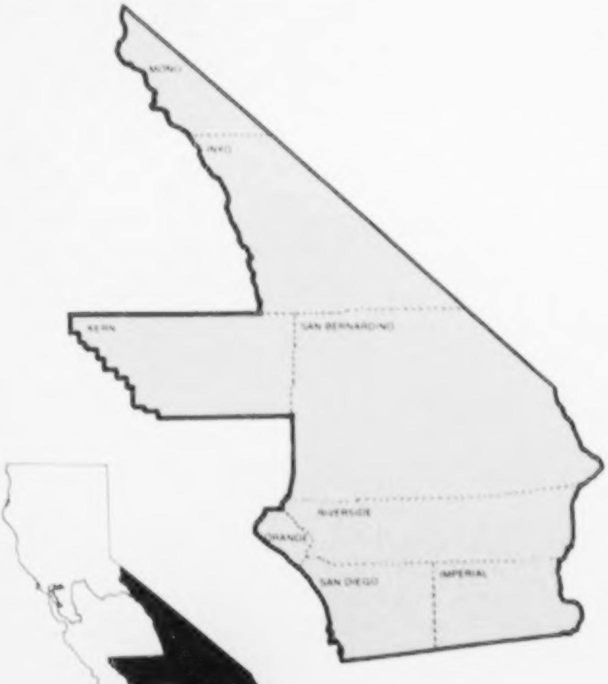
ERNEST J. DRONENBURG, JR.

Ernest J. (Ernie) Dronenburg, Jr. is the first Republican elected to the Board of Equalization in 27 years. In his 1982 reelection he received more than a million votes. His district, which extends from Mono County to the Mexican border, includes the urban areas of San Diego and Orange County. The district has more than six million people and covers a geographical area larger than the states of New York and Pennsylvania combined.

Mr. Dronenburg served as Chairman of the Board in 1981 and 1985. He was Vice Chairman in 1980, 1983, and 1984.

Mr. Dronenburg grew up in San Diego and graduated from San Diego State University in 1966 with a B.S. degree in finance and accounting and a B.A. degree in economics. After graduation he worked for five years as an industrial engineer for NCR and the Rohr Corporation.

In 1971, he was employed by the Board in the Business Taxes Department as an auditor, and was a field audit supervisor at the time of his election to the Board in 1978. Though many have attempted it, Mr. Dronenburg is the first employee in the 106-year history of the agency to be elected to the constitutional office of Board Member.



Prior to his election, Mr. Dronenburg was also a businessman in his own right. In 1973, working in his off hours, he helped start a racquetball equipment distributing company. Two years later, he founded a racquetball and tennis racket manufacturing company.

Among Mr. Dronenburg's professional affiliations, is his membership in the National Association of Tax Administrators and the National Association of Accountants. He is Secretary-Treasurer and a member of the Executive Committee of the Western States Association of Tax Administrators and a member of the Board of Directors of the Western Tax Association. He was the developer of the Wages and Salaries (WAS) Index theory for indexing the California Personal Income Tax.

Mr. Dronenburg is a member of the Board of Directors of San Diego County Youth for Christ, a member of the Board of Directors of the Clair Burgener Foundation for Developmentally Disabled, a member of the Board of Governors of the United Cerebral Palsy Association of San Diego County, a member of the San Diego Kiwanis Club and the San Diego County Association for Retarded Citizens. He is also a member of the College Avenue Baptist Church and serves as Church Financial Auditor.

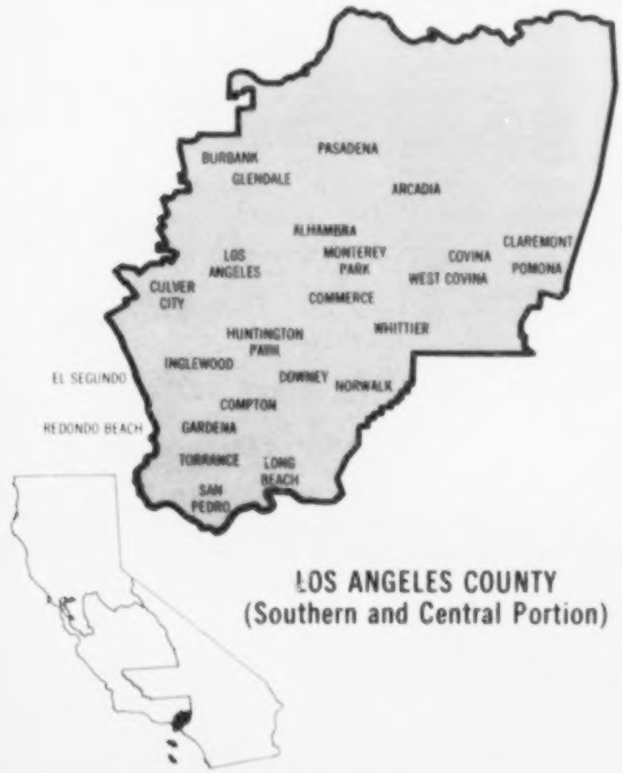
He and his wife, Kathryn, and three daughters, Kristin, Amy, and Stephanie, live in San Diego County.

Fourth District

RICHARD NEVINS

Richard Nevins, when first elected to the Fourth District in 1958, represented the eight southern California counties with a population of 11 million. The 1971 and 1983 reapportionments reduced his district to 6 million people in Los Angeles County, the central core of California's business economy. Although relatively small by geographical standards, the new district's gross product and personal income exceed amounts registered by all but a few nations of the world, and are greater than 41 states in the nation. Mr. Nevins is chairman of the Board's Committees on Personnel Management and Equal Employment Opportunity; Information Management; and Tax Information. Nevins served as Chairman of the Board in 1984, 1980, 1971 and 1968.

As a member of the Board, Mr. Nevins' principal interest has been in improving the administration of tax laws. He believes that well-trained employees, coupled with effective business equipment tools and communications with the business taxpayers, bring about the most efficient and economical administration of taxes. He has continuously supported property tax reform to establish uniformity throughout the state with a goal of full understanding of these complex tax laws by all taxpayers through consultation, public hearings, and availability of information.



LOS ANGELES COUNTY
(Southern and Central Portion)

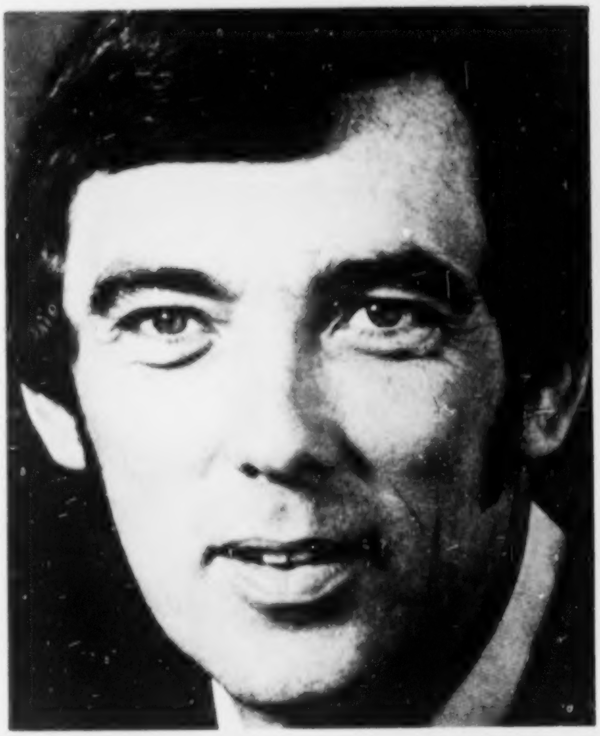
Nevins believes overall review of California's tax structure is long overdue to insure that no one group receives special tax breaks or advantages at the expense of other taxpayers.

Mr. Nevins has been active in, and affiliated with, many professional and service organizations. He is President (1984–85) of the National Association of Tax Administrators, was Vice President (1983–84), Secretary (1982–83) and a continuous Executive Committee Member since 1980 as well as Chairman (1984–85) and Finance Chairman (1983–84) of the Federation of Tax Administrators. He is also a member of the Western States Association of Tax Administrators serving as an Executive Committee member 1973–84; Western Governmental Research Association; National Tax Association—Tax Institute of America; California Assessors' Association; International Association of Assessing Officers; and the American Society for Public Administration, past President of Los Angeles Chapter, 1966–67. He is the recipient of the ASPA Earl Warren (1968) and Will Baughman (1980) Awards.

Mr. Nevins married Mary Lois Minton in 1946. They live in Pasadena and have three married sons, two granddaughters, and one grandson. Nevins is a graduate of Yale University and a veteran of the U.S. Army Air Force.

State Controller

KENNETH CORY



Kenneth Cory became California's 26th State Controller on January 6, 1975, after winning election in November 1974. He was elected to a second term in 1978 and a third term in 1982.

Before becoming Controller, Mr. Cory was elected to four consecutive terms in the California State Assembly, representing the 69th District in Orange County which included his home city of Westminster. Earlier he served as Chief Consultant to the Assembly Education Committee and as Chief Administrative Officer of the Assembly. He has also engaged in farming and the insurance business.

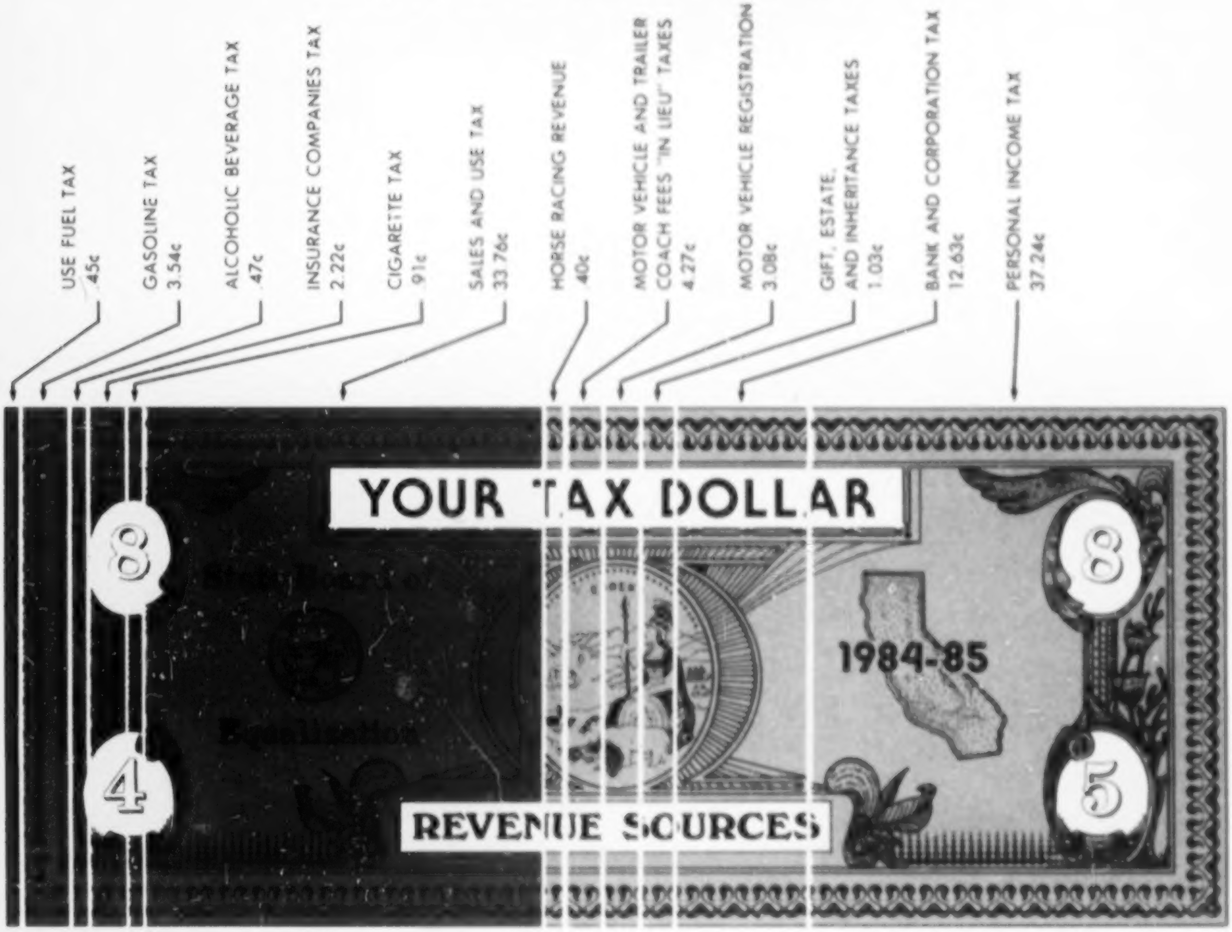
In 1970 his colleagues in the Assembly elected him chairman of the Democratic Caucus. As chairman of the Legislature's Joint Committee on Public Domain, he gained recognition for his investigation of price-fixing practices by major oil companies in California. He served as a member of standing committees on Education, Elections and Reapportionment, Revenue and Taxation, and Ways and Means.

Mr. Cory is known as one of California's leading authorities on education and school finance. He is the author of several important pieces of education legislation including bills to require instruction on dangerous drugs in public schools, to establish classes for multi-handicapped youngsters, and to enable schools to use resources of the private sector to develop innovative programs to improve reading and arithmetic instruction. He also led the fight for Superintendent of Public Instruction Wilson Riles' early childhood education legislation.

Successful Cory environmental legislation now guarantees public access to beaches and gives tax incentives to motorists driving vehicles powered by non-polluting fuels. In November 1972, voters approved the Cory-authored constitutional amendment guaranteeing citizens the right of privacy. His consumer protection efforts were recognized by the Consumers Legal Action Council in 1972 when he was named Southern California Consumer Legislator of the Year.

Born in Kansas City, Missouri, Mr. Cory moved to southern California with his parents in 1939 when he was one year old. He is a graduate of Huntington Beach High School and attended Orange Coast College, the University of Southern California and the University of California, Berkeley and Los Angeles.

SOURCES OF STATE REVENUE



MAJOR STATE TAXES AND LICENSES IN CALIFORNIA
Fiscal Year ended June 30, 1985

Taxes administered by the Board of Equalization produced $580,773,000 in property taxes and $14,607,954,000 in business taxes for a total of $15,188,727,000. The Board's costs totaled $110,859,000 for an average of 73 cents for each $100 of revenue.

	1984 85 Fiscal Year		
		Percentages	
Board of Equalization	Revenue	Change from 1983 84	of Grand Total
Sales and Use Tax	$9,797,563,568	11.4	33.76
Gasoline and Jet Fuel Tax	1,028,431,659	5.4	3.54
Use Fuel Tax (mostly diesel fuel)	131,204,585	4.4	0.45
Insurance Companies Tax	643,139,382	40.6	2.22
Cigarette Tax	262,867,934	0.1	0.91
Alcoholic Beverage Tax	135,786,149	1.2	0.47
Grand Total Board of Equalization	$11,998,993,277	10.4	41.35

	1984 85 Fiscal Year		
		Percentages	
Other Agencies	Revenue	Change from 1983 84	of Grand Total
Personal Income Tax	$10,805,733,784	16.3	37.24
Bank and Corporation Tax	3,664,592,847	13.4	12.63
Motor Vehicle "in lieu" Tax	1,206,069,108	19.1	4.16
Trailer Coach Fees "in lieu" Tax	33,416,560	1.3	0.11
Motor Vehicle Registration and Other Fees	894,398,038	4.0	3.08
Estate Tax	190,571,195	39.0	0.66
Inheritance Tax	104,154,488	1.5	0.36
Gift Tax	2,079,181	27.8	0.01
Horse Racing Revenue	117,560,034	5.8	0.40
Total: Other Agencies	$17,018,575,235	15.1	58.65
Grand Total All Agencies	$29,017,568,512	13.1	100.00

Source: State Controller's "Summary Statement of Revenues for the General Fund and Other Governmental Cost Funds", Fiscal Year ended June 30, 1985

II. THE BOARD

Members of the California State Board of Equalization, pictured in session in Sacramento, are (from left) State Controller Kenneth Cory, Ex Officio Member; Conway H. Collis, Second Equalization District; Ernest J. Dronenburg, Jr., Third Equalization District; Richard Nevins, Fourth Equalization District; and William M. Bennett, First Equalization District. For 1985, the Board elected Mr. Dronenburg Chairman and Mr. Collis Vice Chairman.

The State Board of Equalization, California's major revenue agency, is responsible, directly and indirectly, for state and local revenues amounting to more than $21 billion annually.

It is the nation's only board of tax officials who are constitutional officers elected to represent specific geographic districts of a state and administer tax programs. This unique system has maintained continuity in California's tax administration for more than 106 years, and has earned for the Board a nationwide and international reputation for expertise, efficiency, and economy of operation. The California system exemplifies the principle of taxation with representation.

Founded in 1869 to equalize property assessments between the counties, the Board was elevated to constitutional status by the Constitutional Convention of 1879. California's four existing congressional districts each elected its own representative to the reconstituted Board of Equalization. The State Controller was designated a fifth ex officio Member to serve at-large.

Although the section of the Constitution that reorganized the Board was amended in 1884, no change was made in the boundaries of the state's four Equalization Districts, the number of Board Members, or their four-year terms. The Legislature was directed to redistrict the state after each decennial census into four Equalization Districts as nearly equal in population as feasible. Nevertheless, boundaries remained virtually unchanged until 1971, when a major reapportionment equalized the population to about five million in each of the four Equalization Districts.

A second major reapportionment, effective October 18, 1983, realigned the Equalization District boundaries, and they were renumbered to comply with the constitutional provision that districts within the state be numbered starting from the north and proceeding southward. As of January 1985, California's population had grown to 25,857,500, so that each Board Member now represents about six-and-one-half million people.

The Chairman conducts Board meetings, convenes special meetings, and appoints Board committees which develop and recommend policies subject to Board approval in legislation, valuation of state-assessed public utilities, local property assessment, information processing, tax information, personnel management, and equal employment opportunity. Each committee is composed of staff and a Board Member who is designated committee chairman by the Board Chairman.

The Board appoints an Executive Secretary to direct Board programs and staff activities and to implement the policies it adopts, the directives it issues, and the actions it takes. The Executive Secretary is responsible for the organization of the Board's meetings, the scheduling of tax appeal hearings, the adoption of rules and regulations, administrative matters, and other matters deemed necessary for Board action in its formal sessions.

The tax programs administered by the Board generated $11.5 billion during fiscal 1984–85 in general fund and special fund revenues for the state, an increase of 10.6 percent over the preceding year's total of $10.4 billion. The Board also collected $3.1 billion in sales and use taxes for cities, counties, and transit districts. Board assessment of privately owned public utility properties produced $564.3 million in local property taxes. The Board collected $3.4 million in private railroad car taxes for the state. For distribution to local government, the Board collected $13.1 million in timber taxes and $78.9 million in cigarette taxes (the portion that is distributed to local government).

The Board functions in three major roles: administrative, quasi-legislative, and quasi-judicial. In its administrative capacity, the Board develops and adopts capitalization rates, classifies unitary and nonunitary properties of public utility companies and determines the property values of the individual assessees for local property taxation. The Board administers the California Sales and Use Tax, the Motor Vehicle Fuel License Tax, Use Fuel Tax, Alcoholic Beverage Tax, Cigarette Tax, Insurance Tax, Timber Tax, the 911 Emergency Telephone Users Surcharge, the Electrical Energy Surcharge, the Hazardous Waste Substance Taxes, and the Moore Universal Telephone Service Tax. It also administers city, county, and transit district sales and use (transactions) taxes.

In its quasi-legislative role, the Board adopts rules and regulations; issues directives for the guidance of taxpayers, county assessors, and county assessment appeals boards; and conducts surveys of the operations of county assessors' offices. The Board prescribes property tax forms and publishes handbooks for the assessors' use, and oversees assessment practices. For the Sales and Use Tax and the other business taxes it administers, the Board adopts regulations and publishes a law guide and a series of tax publications (Tax Tips), which offer advice and guidance to specific types of business to help taxpayers comply with tax law requirements.

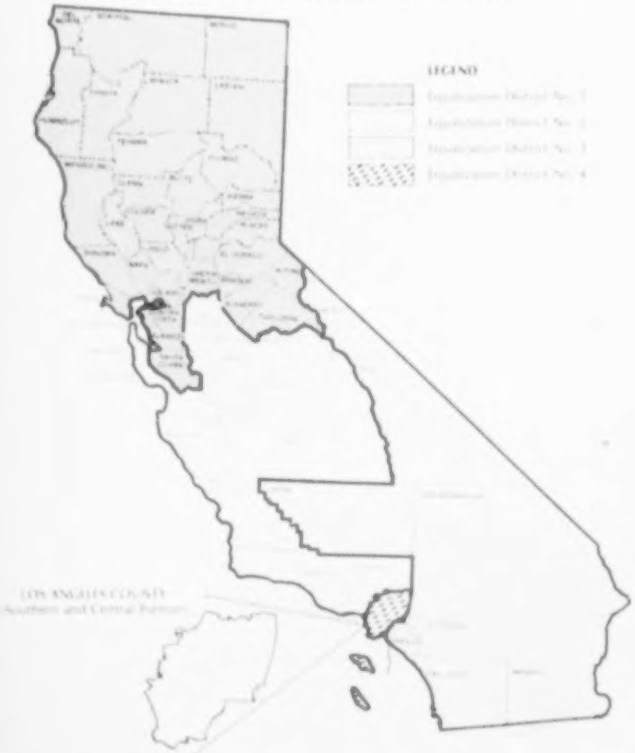
As a quasi-judicial body, the Board serves as the appellate body in hearing and adjudicating appeals on final actions of the Franchise Tax Board under the state's Bank and Corporation Tax, Personal Income Tax, and the Senior Citizens Property Tax Assistance Laws. The Board considers appeals by utility companies, railroads, and private railroad car firms, of assessments of their properties set by the Board. The Board hears appeals for redetermination of Sales and Use, Motor Vehicle Fuel, Use Fuel, Cigarette, Alcoholic Beverage, and Hazardous Waste Taxes, and Emergency Telephone Users and Energy Resources Surcharges assessments and for Insurance Tax appeals. In property taxes, the Board considers appeals of assessments made by county assessors on lands, water rights, and certain improvements on properties owned by local governments but located outside their boundaries.

The Board employs a staff of 2,900 auditors, appraisers, registration and collection technicians, clerical support personnel, and specialists in data processing, fiscal administration, personnel management, training, and public information. Board headquarters are located in Sacramento, with field offices throughout California. The Board also maintains offices in New York, Chicago, and Houston to serve taxpayers who do business in California but whose headquarters and records are located in other states.

Throughout the year the Board meets in Sacramento every month, and as often as necessary in other California cities. In 1984–85 the Board met in Sacramento, Arcadia, San Diego, Los Angeles, Burbank, and San Francisco to hear tax appeals, adopt rules and regulations, and handle other matters related to tax administration.

The evolution of the Board of Equalization is summarized on the next page, listing chronologically the duties and functions of the Board as they have developed since 1870.

EQUALIZATION DISTRICTS
CALIFORNIA STATE BOARD OF EQUALIZATION


LEGEND
Equalization District No. 1
Equalization District No. 2
Equalization District No. 3
Equalization District No. 4
LOS ANGELES COUNTY
Southern and Central Portion

HISTORY OF THE STATE BOARD OF EQUALIZATION

1870 State Board of Equalization created by Legislature to deal with property assessment abuses among counties. Board consisted of State Controller and two members appointed by Governor.[1]

1879 State Board of Equalization established under the State Constitution to regulate county assessment practices, equalize county assessment ratios and assess properties of intercounty railroads. Board consisted of four members elected from Equalization districts and the State Controller.[2]

1911 Constitutional Amendment provided for Board assessment of corporation franchise taxes, bank share tax, gross receipts taxes on public service corporations (utilities), and insurance taxes.

1923 Motor Vehicle Fuel (gasoline) Tax enacted.

1929 Bank and Corporation Franchise Tax enacted with State Board of Equalization as an administrative appellate agency replacing previous assessing function.

1933 Retail sales tax, motor vehicle transportation license tax, and alcoholic beverage tax enacted. Riley-Stewart Plan enacted—assessment of designated public utility properties for local tax purposes.

1935 Use Tax enacted—provided further revenue, protected California retailers from tax-free competition from out-of-state sellers. Personal Income Tax enacted with State Board of Equalization as an administrative appellate agency.

1937 Use Fuel Tax enacted—diesel tax became a supplement to the gasoline tax.

1937 Private Car Tax enacted—state tax on privately owned railroad cars.

1951 Administration of Itinerant Merchants Act transferred by legislation from the Public Utilities Commission to the Board of Equalization. This law imposed an annual fee on persons hauling produce across county lines.

1955 Constitutional Amendment transferred licensing and control of alcoholic beverages from the Board of Equalization to a new Alcoholic Beverage Control Department and the appellate function to the Alcoholic Beverage Control Appeals Board. Taxing functions remained with the Board.

1955 Board-administered Local Sales and Use Taxes program initiated. All California cities and counties were included by 1962.

1959 Cigarette Tax enacted.

1961 Itinerant Merchants law repealed.

1963 Subscription Television Tax enacted.

1964 Subscription Television Tax repealed by an initiative measure.

1966 Property Tax Assessment Reform Law enacted—mandated certification and training of appraisers, surveys of county assessors' offices, and development of property tax rules and regulations. Also added an appeal procedure at the staff level to the sample property appraisal process.

1967 Legislative action increased the Cigarette Tax and provided that 30 percent of the receipts be distributed to cities and counties according to an equitable allocation formula based on local sales tax allocations.

1969 Aircraft Jet Fuel Tax enacted.

1970 State-administered Transit District Sales Tax program enacted—Bay Area Rapid Transit District and Southern California Rapid Transit District.

1973 Motor Vehicle Transportation License Tax repealed.

1974 Waxman-Dymally Campaign Disclosure Legislation enacted—provided for audit of campaign statements. This activity terminated late in 1975 with passage of Proposition 9, Political Reform Act, in November 1974.

1975 Electrical Energy Surcharge enacted—to fund the State Resources Conservation and Development Commission.

1976 Timber Yield Tax enacted. Emergency Telephone Users Surcharge Law enacted.

1977 Litter Control, Recycling, and Resource Recovery Assessment Act enacted.

1978 Proposition 13 adopted by the electorate June 6, 1978 added Article XIIIA to the California Constitution. It changed the system of real property taxation by restricting the maximum ad valorem tax to 1 percent of full cash value, permitting a maximum 2 percent annual increase in the fair market value base to reflect inflation.

1978 Proposition 8 adopted November 7, 1978 amended Article XIIIA to allow reduction of the full cash value base of real property to reflect substantial damage, destruction, or other factors which cause the value to decline.

1979 Litter Control, Recycling, and Resources Recovery Act amended, ending the assessment and allocating funding from the state's general fund.

1982 Administration of two hazardous substances taxes assigned to the Board by legislation. One is imposed on persons who generate hazardous waste and dispose of it in California. The other, transferred from the Department of Health Services, is imposed on operators of waste disposal sites.

1984 The Moore Universal Telephone Service Act imposed a tax on certain intrastate telecommunications to subsidize basic telephone service for those who cannot afford it. Tax rates, eligibility, and service systems are determined by the Public Utilities Commission. The Board collects the tax.

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[1] Although California Governor H. H. Haight "strongly advocated in his message of 1869 the establishment of a state board of equalization," it was not until April 4, 1870 that "the legislature passed a bill . . . creating a state board of equalization composed of the state controller and two members to be appointed by the governor for a term of four years."

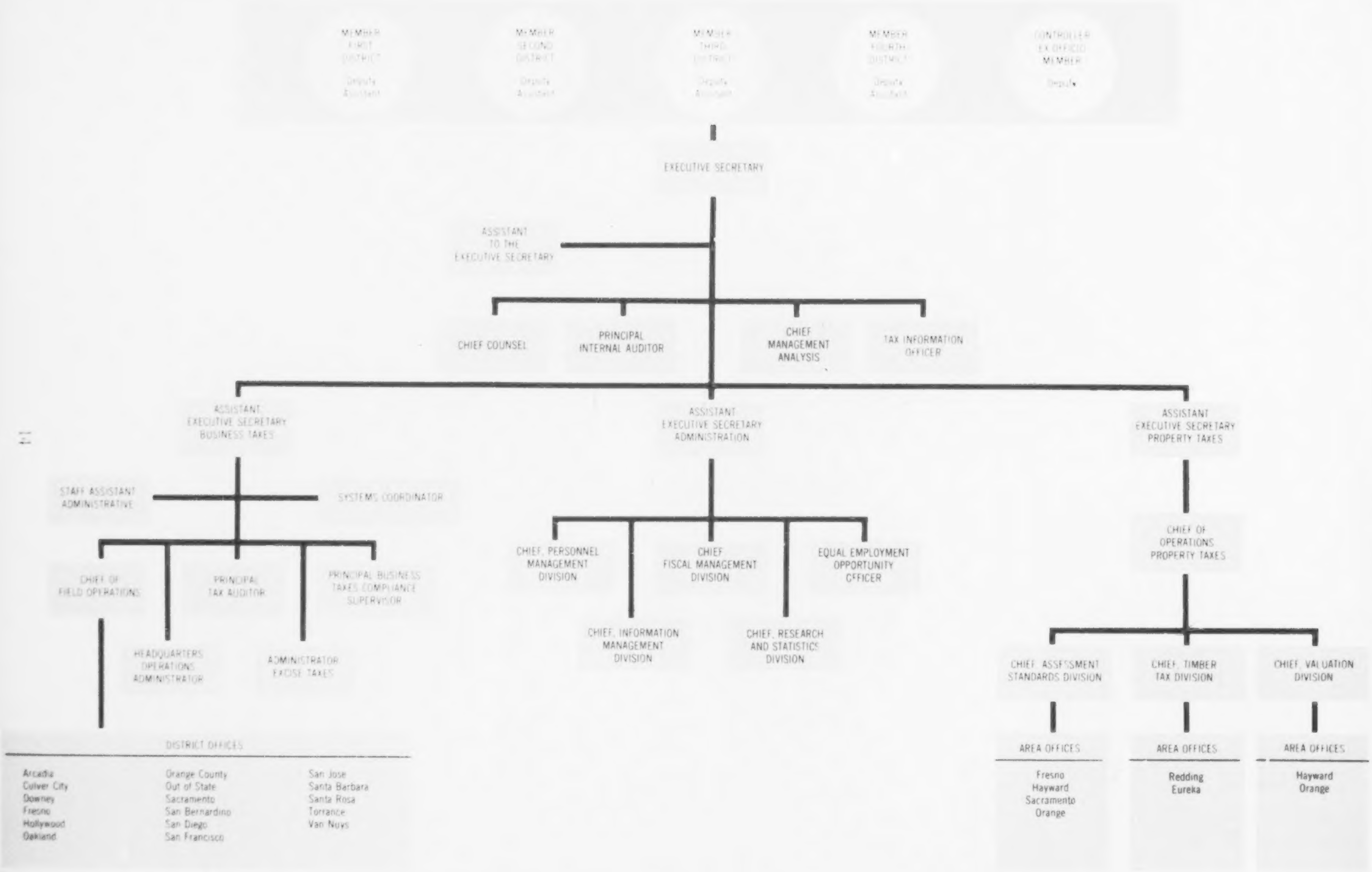
—A Financial History of California,
by William C. Fankhauser—1913

"The Board held its first meeting on the second Monday of July, 1870, and organized by electing Robert Watt (Controller) President and E. W. Maslin, Secretary of the Board." The Legislature's Act of April 4, 1870 did not go into effect until July 1 1870.

—First Biennial Report of the
State Board of Equalization
November 1, 1871

[2] The Board in its present form was established by Article XIII, section 9 of the Constitution of 1879. "As originally ratified, (it) provided that the board should consist of one member from each congressional district in the State, to be elected by the qualified electors of their respective districts at the general election to be held in 1879, whose term of office, after those first elected, should be four years, and that the Controller should be ex officio a member of the board."

—California Blue Book or State Roster—1909


MEMBER FIRST DISTRICT
Deputy Assistant
MEMBER SECOND DISTRICT
Deputy Assistant
MEMBER THIRD DISTRICT
Deputy Assistant
MEMBER FOURTH DISTRICT
Deputy Assistant
CONTROLLER EX OFFICIO MEMBER
Deputy
EXECUTIVE SECRETARY
ASSISTANT TO THE EXECUTIVE SECRETARY
CHIEF COUNSEL
PRINCIPAL INTERNAL AUDITOR
CHIEF MANAGEMENT ANALYSIS
TAX INFORMATION OFFICER
ASSISTANT EXECUTIVE SECRETARY BUSINESS TAXES
ASSISTANT EXECUTIVE SECRETARY ADMINISTRATION
ASSISTANT EXECUTIVE SECRETARY PROPERTY TAXES
STAFF ASSISTANT ADMINISTRATIVE
SYSTEMS COORDINATOR
CHIEF OF FIELD OPERATIONS
PRINCIPAL TAX AUDITOR
PRINCIPAL BUSINESS TAXES COMPLIANCE SUPERVISOR
HEADQUARTERS OPERATIONS ADMINISTRATOR
ADMINISTRATOR EXCISE TAXES
DISTRICT OFFICES
Arcadia
Culver City
Downey
Fresno
Hollywood
Oakland
Orange County
Out of State
Sacramento
San Bernardino
San Diego
San Francisco
San Jose
Santa Barbara
Santa Rosa
Torrance
Van Nuys
CHIEF, PERSONNEL MANAGEMENT DIVISION
CHIEF FISCAL MANAGEMENT DIVISION
EQUAL EMPLOYMENT OPPORTUNITY OFFICER
CHIEF, INFORMATION MANAGEMENT DIVISION
CHIEF, RESEARCH AND STATISTICS DIVISION
CHIEF OF OPERATIONS PROPERTY TAXES
CHIEF, ASSESSMENT STANDARDS DIVISION
CHIEF, TIMBER TAX DIVISION
CHIEF, VALUATION DIVISION
AREA OFFICES
Fresno
Hayward
Sacramento
Orange
AREA OFFICES
Redding
Eureka
AREA OFFICES
Hayward
Orange

SECTION III. ADMINISTRATION

DOUGLAS D. BELL
Executive Secretary

LAWRENCE A.
AUGUSTA
Assistant
Executive Secretary
Administration

J. D. DOTSON
Assistant
Executive Secretary
Business Taxes

GORDON P.
ADELMAN
Assistant
Executive Secretary
Property Taxes

JAMES J. DELANEY
Chief Counsel

The Board of Equalization administers 15 state and local business and property tax programs that generated $15.2 billion in revenue during 1984–85.

The Executive Secretary is the chief executive officer of the Board, in charge of a staff of 2,900 with a budget of $79.5 million. Under the policy guidance of the Board, the Executive Secretary plans, organizes, and directs the operations of the staff, interprets and applies Board policies and decisions, recommends changes, and represents the Board in day-to-day operations.

The Executive Secretary is assisted by a Chief Counsel and three Assistant Executive Secretaries for Administration, Business Taxes, and Property Taxes—the three main components of the Board's organization.

Douglas D. Bell has been Executive Secretary for the Board since May 1, 1977. Mr. Bell joined the Board in 1947 and is the first Board employee promoted to the chief administrative position since the Board was created in 1879.

J. D. Dotson, Assistant Executive Secretary for Business Taxes, has served in that position since January 1, 1977. Previously, Mr. Dotson was Chief of Field Operations for Business Taxes. He has been a Board employee since 1950.

Gordon P. Adelman was named Assistant Executive Secretry for Property Taxes on May 1, 1979. A Board employee since 1966, Mr. Adelman was formerly Assistant Executive Secretary for Administration.

Lawrence A. Augusta was appointed Assistant Executive Secretary for Administration on March 2, 1984. Former Legislative Representative and Assistant Chief Counsel for Property Taxes, Mr. Augusta has worked for the Board since 1968.

James J. Delaney came to the Board in 1956 and was appointed Chief Counsel on January 1, 1977. Mr. Delaney was formerly Assistant Chief Counsel for Property Taxes.

Administrative Support Services

The administrative staff provides vital services necessary to support the Board's tax program activities. Specialized support services are provided in the areas of legal counseling, management analysis, banking and cashiering, budgeting and fiscal management, information management, mail processing, statistical research and analysis, internal audit, tax information, personnel management, equal employment opportunity, employee assistance, labor relations, printing and supply, and facilities management.

Legislation

The Board follows all legislative measures which relate to the tax programs it administers or that affect its interests and takes a position on them. If necessary it performs an analysis of bills which have significant budgetary, revenue, or program impact. During the first half of the two-year 1985–86 Legislative session, 4,350 measures were introduced; the Board tracked 252 measures and analyzed 156.

Legislative bill analysis is a cooperative effort coordinated by the Legal Section. The Management Analysis section estimates the cost of administering the proposed legislation; the Research and Statistics Division forecasts the bill's effect on revenues; the Legal Section examines the statutory implications; and the Business and Property Taxes staff assesses the potential impact on Board tax programs.

Bill analyses are presented to the Board's Legislative Committee which reviews all proposed tax legislation and recommends to the Board a position on each bill. The committee also formulates the Board's annual legislative program which proposes changes to the law to correct administrative or technical problems. In 1984–85, the Board sponsored eight bills. One would change the property tax lien date from March 1 each year to January 1. Another would increase the maximum penalty limitation imposed for the failure of state assessees to file required property statements. A third measure would increase the sales tax prepayment threshold from $17,000 of taxable sales per month to $50,000 per month. The others would make technical and minor substantive changes to sales tax and other business tax laws and to property tax laws.

These proposed measures are drafted or reviewed by attorneys in the Board's Legal Section, who also perform this service for legislators upon request. Board attorneys and tax program staff also provide information and testimony before the taxation and fiscal committees of both houses of the Legislature.

Summaries of 1984–85 legislation affecting business tax programs may be found on page 36; property taxes legislation summaries begin on page 50.

Legal Services

A staff of 35 attorneys in the Legal Section assists the Board in its role as a quasi-judicial appellate body and provides the legal services necessary for the administration of business and property tax programs.

Board hearing officers conduct preliminary hearings on sales tax and other business tax appeals and then prepare summaries and recommendations for disposition by the Board itself. These informal hearings are conducted throughout the state for the convenience of taxpayers. During 1984–85, 3,699 appeal petitions under the sales tax and other business tax laws were filed by taxpayers; preliminary hearings were held by hearing officers on 642 appeals, 43 percent of which were resolved at that level. The Board heard arguments on 284 business taxes appeals during 1984–85.

Staff Counsel John Adamo reviews a sales tax appeal prior to the informal preliminary hearing he will conduct with the taxpayer.

Board attorneys also provide legal assistance to the Board in its role as an appellate body for actions of the Franchise Tax Board under the Personal Income Tax Law and the Bank and Corporations Tax Law. During 1984–85, 1,202 new appeals were filed under those two laws.

Appeals under the Personal Income Tax Law have grown over 300 percent during the past five fiscal years. The disproportionate growth was caused initially by the increased filings by various tax protester groups, but was sustained through an increase in filings of appeals representing a broad range of issues. However, in 1984–85 as the tax protestor movement waned, the number of new personal income tax appeals declined sharply to 1,003, compared to 2,073 the previous fiscal year. During 1984–85, 1,211 Franchise Tax Board appeals were resolved.

The Board published 150 formal opinions in 1984–85 which provided guiding principles and statutory interpretations for taxpayers, the Franchise Tax Board staff and other interested parties. The Board's franchise tax opinions back to 1933 have been incorporated into the records of several electronic legal research services.

The Legal Section has streamlined its procedures to expedite simple, single-issue appeals and an automated case inventory system is being installed to improve record keeping and to make readily available a wide variety of statistical reports for management and budgetary purposes.

In addition to its appellate work, the legal staff serves in an advisory capacity, furnishing legal opinions to the Board and providing assistance to the state's 58 county assessors and other local taxing authorities. Board attorneys also provide the public with written and oral interpretations of tax laws upon request.

The legal staff assists the Board in its valuation of privately owned public utility properties and railroad cars owned by nonrailroad companies, advising the appraisal staff and representing the staff position at state assessee hearings before the Board.

When the Board is involved in legal challenges to its rulings, the legal staff provides expert assistance to the Attorney General who usually acts as trial counsel for the Board. See the Litigation section in this report for summaries of major court decisions during the 1984–85 fiscal year.

The Regulatory Process

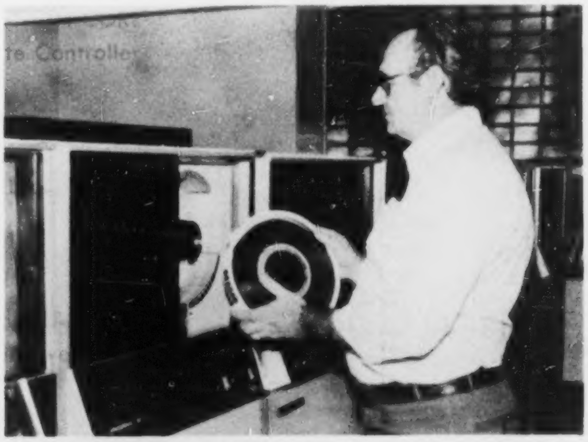
The Board issues rules and regulations for the guidance of taxpayers, county assesors, county assessment appeals boards, and its own staff to explain the laws it administers. Rules and regulations are adopted, amended, or repealed in response to changes in the law, court decisions, or a need for clarification perceived by the Board staff, county assessors, or the affected industry. The rules and regulations adopted by the Board affect taxpayers in all types of business and the Board actively encourages public participation in their formulation beyond what is required by law.

Public participation may begin early in the process when the Board's staff meets with industry representatives, county assessors, or other interested parties to discuss the draft of significant new or amended rules or regulations. Public notice of the proposed change is published by the State Office of Administrative Law in its "Notice Register," a weekly bulletin of regulatory activity by all state agencies.

The Board mails copies of the proposed amendment and information such as the time and place of public hearing to all interested parties who have requested notification of changes affecting a particular type of business. A 45-day waiting period for public comment follows publication of proposed changes.

The Board holds public hearings for all changes to its rules and regulations. At those hearings, the Board hears testimony from interested parties and considers public comments submitted during the 45-day waiting period. If additional nonsubstantive changes are made as a result of these hearings, the revised rule or regulation is made available to the public for 15 days after which time it is adopted by the Board and filed with the Office of Administrative Law prior to incorporation into the California Administrative Code.

The Board gives additional public notice of changes to its business taxes regulations through listings in its Tax Information Bulletin, sent quarterly to all affected taxpayers and interested parties. The Board provides free copies of its rules and regulations upon request. It also announces its public hearings and final actions on rules and regulations through public agenda notices distributed to the press.



Computer Operations Supervisor Homer Kelley mounts a tape in a tape drive console. Two major tasks of headquarters computers are support of the tax return processing cycle and the statewide communications network.

Statistical Research Services

Its administration of business and property tax programs places the Board in a unique position to collect useful data on economic activity in the state. The Research and Statistics Division uses information gathered from tax programs to provide services to the Legislature, federal agencies and other state agencies, city and county governments, and private firms.

The division prepares revenue estimates on proposed tax legislation to assist the Board in making recommendations to the Legislature and it reviews the revenue aspects of existing tax laws to help the Board maintain efficient administration of its tax programs. The division also prepares a variety of comprehensive statistical reports which are available to the public.

Economic analyses and forecasts of revenues from Board-administered tax programs are developed by the division for use by state and local governments. It also prepares tax revenue estimates for proposed area annexations or incorporations and conducts (on a fee-for-service basis) several hundred market studies each year for specific geographical areas.

Automated Information Management

Continued use of computer automated systems has enabled the Board to keep the cost of revenue collection low. All of the Board's tax programs are administered with the assistance of two Sperry Univac 90/80 computers located at Sacramento headquarters.

These computers play an essential role in the processing cycle for over 780,000 sales tax and use fuel tax

Key Data Operators quickly transcribe tax return data which the Board's computers will incorporate into a statewide communications system. In the foreground are Louvena Alexander (left) and Colleen White.

accounts. Computer maintained master files gathered from registration documents, tax returns, audits and collections support a statewide communications network comprised of 221 terminals linked to the headquarter's computers. The system provides all Board field offices instant access to current, uniform information on sales tax and use fuel tax accounts. During the eleven years since its inception, the information network has become the largest single user of Board computer time and data storage space. Over 11.8 million inquiries were made through the system in 1984–85, an increase of 28 percent over the previous fiscal year.

In December 1984 the Data Processing Division was renamed the Information Management Division to reflect more accurately the diverse services it provides in all areas of information processing. To meet its expanded responsibilities, the division created an Information Center in January 1985 to assist Board work units in the selection and use of microcomputers and related software. By the end of the fiscal year, there were 19 microcomputers in use throughout the Board, supporting a variety of office automation functions.

During 1984–85, the division completed the first phase of a major project by providing all Board field offices the capability to update the sales tax registration file directly through the on-line video terminals of the information network. Work then began on the second phase which will enable the remote entry of new accounts to the registration file.

During the fiscal year, the division provided a variety of services at the request of users. An automated system was developed to check private party vehicle transfers for the correct use tax. The heavily used on-line service for calculating interest on audit assessments was expanded to include excise tax accounts. To aid the collection function, the division designed an on-line system for tracking liens and their subsequent release. The division also developed automated systems for the Legal Section's appeals caseload and the Training Office's Annual Training Plan.

A computer procurement project, established in 1983–84 to identify the Board's long range computer requirements, continues to proceed through the steps of the acquisition process. Meanwhile both existing computers were upgraded to increase internal processing speeds and improve response times to online inquiries. These enhancements were necessary to maintain a satisfactory level of service for the constantly growing workload until a new computer system is installed.

Banking and Cashiering

Over 3.8 million tax payments were received at Board headquarters in 1984–85 and virtually all were deposited within 24 hours of receipt. All checks over $100,000 were deposited within eight hours, including those from out-of-state which are immediately credited to California through special banking arrangements. This same-day deposit program ensures that the state will earn maximum interest on its tax revenues.

During 1984–85, the headquarters Cashier deposited $13.9 billion in tax payments, up $0.5 billion from the previous fiscal year. In addition, the Cashier deposited $24.3 million from 3,576 sales and use tax returns filed under the tax penalty amnesty program conducted from December 10, 1984 through March 15, 1985.

Personnel Management Services

In 1984–85, the Personnel Management Division developed goals and objectives for the division and each of its five units—Personnel, Labor Relations, Equal Employment Opportunity, Training, and the Employee Assistance Program. The division's overall objective is to provide support, guidance, and structure to the entire Board organization to promote effective management of human resources. The division places primary emphasis on the service aspect of personnel management.

The Personnel Office provides the services necessary to address the Board's staffing needs, assisting in the areas of classification, performance appraisal, and injured and ill employees. It also administers examination services and processes employee transaction documents.

The Program Technician classification is used at the Board for support staff who perform technical assignments dealing with laws, policies, and procedures. Following the completion of a study to evaluate the use of the classification, a Supervising Program Technician series was established in 1985 and 150 additional positions were identified as Program Technicians. The expanded used of this series provides management more flexibility in hiring, training, and assigning employees to meet the organization's needs.

For several years, the Board has been authorized by the State Personnel Board to administer examinations and certify lists of eligible candidates for approximately 50 entry level and promotional classifications. That responsibility was suddenly expanded when the State Personnel Board announced that it was accelerating its decentralized selection program and that by April 1985 most state agencies would be responsible for administering nearly all of their own departmental examinations. Although the State Personnel Board will continue to administer some servicewide exams for the present, they are subject to delegation in the future. By the end of the 1984–85 fiscal year, the Board of Equalization was responsible for examining and certifying eligible candidates for a total of 82 entry-level and promotional classifications. During the year, the Board administered 60 open and promotional exams.

In October 1984, the Board acquired the capability to enter transactions directly to the State Controller's Personnel Information Management System, an on-line data base system for documenting and processing personnel transactions. Board staff can now "key-in" new appointments, promotions, separations, and a variety of other personnel transactions, and can also make inquiries on the status of employee health benefits and deductions. The decentralized system provides faster turnaround time for transactions and payments.

Labor Relations

In early 1984 the Public Employment Relations Board (PERB) rendered decisions on several unfair labor practice cases filed by employee unions after the 1982 round of negotiations. The PERB ruled that the topics of discipline and discharge, discrimination, and classification are within the scope of collective bargaining and the state is obligated to meet and confer with employee unions. The negotiated 1984–85 labor agreements with the nine California State Employees' Association (CSEA) bargaining units, representing a majority of Board employees, included provisions on these topics.

Also included in the 1984–85 labor agreements with CSEA-represented bargaining units was the condition that the continuation of "fair share" fees be determined by a vote of all employees in the respective units. Fair share fees are deducted from the salary of employees who are not members of the union and remitted to the union. The PERB conducted these elections in December 1984 and only employees in Unit 1 (Administrative, Financial, and Staff Services), which is the Board's largest single unit, voted to discontinue fair share fees, effective January 1, 1985.

The 1984–85 labor agreements and related legislation included a new "second tier" retirement option plan for all employees, except those represented by Unit 2 (Association of California State Attorneys and Hearing Officers) and Unit 9 (Professional Engineers in California Government). The new plan, which became available January 1, 1985, eliminates employee contributions, reduces benefits, and offers a refund of previous employee contributions. Of the Board's 2800 employees, 300 elected the second tier plan.

The first successful decertification election under the State Employer-Employee Relations Act occurred in August 1984 when employees in Unit 10 (Professional and Scientific) voted to replace the California State Employees Association with the California Association of Professional Scientists as their exclusive representative.

A decertification attempt was made in early 1985 against Unit 1 (Administrative, Financial, and Staff Services) also represented by the California State Employees' Association. However, the competing organization failed to gather the signatures of the required 30 percent of Unit 1 employees and a formal election was not held.

The labor contracts between the state and the nine California State Employees' Association bargaining units which represent a majority of Board employees expired on June 30, 1985. Negotiations for a new contract began in March 1985 and were completed on July 2, 1985, when tentative agreement was reached for a two-year contract. The new contract provides for a 6 percent general salary increase effective July 1, 1985 plus a 5 percent general salary increase on July 1, 1986. Employees in Bargaining Unit 4 (Clerical and Allied Employees) will receive an additional 2.5 percent general salary increase effective January 1, 1986. The contracts were ratified by the Legislature and the membership of the California State Employees' Association.

Equal Employment Opportunity

The Board's primary affirmative action objective is to attain the same percentage of minorities, women, and disabled persons in the Board's workforce as in the California workforce. In 1984 the Board reaffirmed its commitment to affirmative action by establishing a more comprehensive affirmative action equal employment opportunity policy.

Significant underrepresentation still exists in the Board's workforce in the Hispanic group. Although the hires in this group totaled 36 in 1984–85, the net

Examination Unit Supervisor Michelle Hughes (center) plans the year's testing schedule with Personnel Analysts Joe Alarcon and Gloria Reese. The Board has assumed responsibility for entry level and promotional exams for most of the classifications it employs.

increase over 1983–84 was only 22. However, promotions in the Hispanic group were above labor force parity. Although Hispanic graduates comprise only 5.0 percent of California's total college graduates, they totaled 7.1 percent of the candidates placed on the Auditor I hiring list and 11.1 percent of the Business Taxes Representative I list. These two lists are the Board's major recruitment tool for the professional classifications in the Business Taxes Department.

The Board is also underrepresented in the disabled persons category. The net decrease in this group was two during the fiscal year. However, the Board is now participating in a new State Personnel Board program designed to address the underrepresentation of disabled persons in state service.

The trend toward hiring women in nonclerical jobs continued in 1984–85. The representation of women in nonclerical classifications is 37.0 percent. Of the 288 professional promotions granted during the year, 42.4 percent went to women. In addition, 38.3 percent of the new hires from the Auditor I list were women.

For fiscal year 1984–85, the Board's business taxes recruitment function was transferred to the Equal Employment Opportunity Office where the emphasis was on focused recruitment of underrepresented group members.

The Board concluded its largest recruitment drive to date in the spring of 1985 by participating in on-campus interviews for the Auditor I and Business Taxes Representative I classification at over 30 universities and colleges. In addition, interviews for both classifications were conducted on a monthly basis in Oakland, Long Beach, and Sacramento. The Board's recruitment team administered the Auditor I exam to 921 candidates and the Business Taxes Representative I exam to 515.

To further assist supervisors and managers in meeting the Board's affirmative action goals, an affirmative action training course was developed during 1984–85. It was initially offered to new supervisors to meet the requirements of Senate Bill 409 (Chapter 1239, Statutes of 1983) but is now offered to all supervisors and managers at the Board.

Specially trained employee-instructors conduct a Number Skills class designed to improve the speed and accuracy of support staff who work with number transfer tasks. During 1984–85 the Board placed particular emphasis on expanding clerical training opportunities.

During the fiscal year, an Upward Mobility and Career Development Handbook was published for use by Board employees. The Board uses the "bridging" classification of Management Services Technician to help qualified employees move from clerical positions to the Tax Auditor I and Business Taxes Representative I classes. During 1984–85, 10 appointments were made to the Management Services Technician class. The Board also provides assistance to employees who are attending college to meet the educational requirements for promotional examinations.

The Board's Summer Work Program provided 101 temporary jobs, primarily for individuals from underrepresented groups. Employees were encouraged to participate in the state examination process for permanent jobs. In addition the Board hired 40 summer youths through the Federal Job Training Partnership Act and continued to participate in the Career Opportunities Development Program, filling 10 contracts in 1984–85.

Training

The Board Training Program is dedicated to the development of the skills, knowledge, and abilities of its employees. Training opportunities are offered to staff at all levels of the organization, from orientation for the new employee to advanced technical, supervisory, and managerial instruction for the experienced employee. The program includes on-the-job training and experience, programmed texts, and formalized classroom instruction to meet the diversified needs of the Board's staff.

During 1984–85, the Training Office actively sought to update and revitalize the Training Program. Particular emphasis was placed on expanding clerical training opportunities. Established courses were enhanced or streamlined; seven new classes were added to the curriculum. For instance, classes were developed to improve speed and accuracy in working with numbers, to acquaint supervisors with the new Employee Assistance Program, and to provide employees with techniques and skills used to set and achieve professional goals. Four new courses specifically designed to meet support staff training needs are at various stages of development and will be offered during fiscal year 1985–86. Future emphasis is to be placed on the training needs of supervisors and managers.

An Annual Training Plan is submitted to the Executive Secretary for approval at the start of each fiscal year. This plan identifies training needs and the resources available to meet those needs. Under the guidance of the Board Training Manager, the plan is implemented through a network of employees who serve as Training Coordinators.

Specialized courses in auditing, tax compliance, property appraisal, and data processing are designed and conducted by Board staff. In addition, there are courses which cover general skills subjects and topics of concern to supervisors and managers.

In-house training is augmented through the services of the State Training Center and other state agencies, California State universities and community colleges, and the U. S. Office of Personnel Management. On occasion, arrangements are made for the services of private consultants.

Visual aids and other equipment are used to enrich the learning experience. Previously purchased video equipment is proving to be a valuable resource. For instance, by taping in-house courses the Training Office is able to reach a greater number of Board employees who are located in the various field offices throughout the state.

The Training Office maintains a library of training films and tapes, instructor manuals, and reference material. Study aids and college class schedules and catalogues are also available for loan to Board employees.

Employee Assistance Program

The Board's Employee Assistance Program (EAP) is designed to help employees resolve problems of alcoholism, drug abuse, or stresses brought on by physical, mental, marital, family, financial, or other concerns which can impair job performance. Participation in the program is purely voluntary and strictly confidential.

The Board of Equalization fully supports its Employee Assistance Program and recognizes its benefits to employees as individuals and to the organization as a whole. The Board has taken a leadership role in state employee assistance program development activities and is one of only three state agencies which have a full-time EAP staff. An active State EAP Coordinators Group organized by the Board has participated in efforts to improve employee health benefits coverage for alcohol, drug, and mental health problems. The group also works with unions and management to encourage troubled employees to use the program. The Board also continued its leadership role in the Sacramento Valley ALMACA (Association of Labor-Management Administrators and Consultants on Alcoholism), an international association for employee assistance programs.

The primary functions of the EAP staff are to assess an employee's problem, provide referrals for treatment or services, and follow up where appropriate; the staff does not provide professional diagnosis or counseling. In 1984 the Board negotiated service contracts with mental health professionals throughout the state to provide in-person backup assistance for employees experiencing crisis situations. This has enabled the program to reach out and serve Board employees throughout the state in an effective and timely manner.

Employee Assistance Program Manager Tony Aguilar and Analyst Mary Huttner plan for back-up contracts with health professionals who will provide services to Board employees throughout the state.

During fiscal year 1984–85, over 200 Board employees used the program for assistance with their problems. Supervisory referrals and consultations accounted for 50 percent of the staff workload.

Headquarter's Office Space Needs

The need for office space at Board headquarters continues to grow due to the addition of new tax programs and taxpayers. In recent years, the shortage of space at Sacramento headquarters has become an increasingly severe problems.

The space shortage has forced the Board to relocate various units to satellite locations outside the headquarters building. In 1984–85 another unit was moved out of the building, bringing the total to ten headquarters units operating in six satellite locations.

Each move of a unit away from headquarters creates serious problems in work flow, security, and supervision, making tax administration very difficult. Furthermore, the substantial increase in leasing expenses drives up the Board's operating costs.

The Board currently occupies some 142,000 net square feet in the Consumer Affairs Building in downtown Sacramento where it has leased space since 1940. As the principal tenant, the Board occupies 70 percent of the building. Leased office space for the six satellite locations totals 57,170 square feet and an additional 13,000 square feet of warehouse space are leased at two locations. Recent studies estimate the Board's space needs at 280,000 square feet in order to consolidate its headquarters operations in one location.

For many years, a site has been designated for a new Board building to consolidate operations, but the funds for design and construction were removed from the capital outlay budget for 1985–86, moving the earliest completion date for the project forward to 1991. In the meantime, the Board is investigating short-range solutions to its severe office space problem.

Tax Information

The Board conducts a comprehensive tax information program for the public in order to keep taxpayers informed of their rights and obligations under California's business and property tax laws.

The Board offers a variety of publications designed to keep taxpayers up to date on their tax reporting requirements. The Tax Information Bulletin, mailed quarterly to 780,000 taxpayers registered with the Board, has the widest distribution. It describes recent or proposed changes in tax legislation or regulations, lists all new and updated regulations and publications available, and carries important legal announcements.

A series of 18 Tax Tip pamphlets, available in all Board field offices, describes in nontechnical language the reporting requirements for specific types of business. Topics range from advertising agencies to veterinarians. The Board also publishes pamphlets containing the Revenue and Taxation Code sections on each of the tax laws it administers. Complete annotated copies of business and property tax laws, including the rules and regulations governing their application, are also available to the public.

Various special interest pamphlets include a guide on church property tax exemptions, a listing of all exemptions and exclusions from sales and use taxes, and an appeals procedure pamphlet with instructions on obtaining administrative review of assessments made by county assessors, the Franchise Tax Board, or the Board of Equalization.

Individual rules and regulations adopted by the Board to administer business and property tax laws may be obtained upon request. Through special mailings to interested parties, notices in the Tax Information Bulletin, and special attachments to copies of regulations, the Board attempts to alert taxpayers to all pending changes.

As a public service, the Board compiles a quarterly statistical analysis of business activity in the state based on information obtained from sales and use tax returns. Published as "Taxable Sales in California," it is widely used to measure economic trends in the state. The Board also prepares reports for the California Statistical Abstract and the Governor's Economic Report.

Board publications are available free of charge to the public, except for the annotated tax laws which are provided at cost. A list of Board publications and instructions on obtaining them are printed on page A-43.

Information of more general interest is disseminated to the public through news releases to the statewide media—daily and weekly newspapers, radio and television stations, plus various trade publications. News releases prepared by the Tax Information Office announce Board meetings, policy changes, and actions taken. They report information gathered from the administration of Board tax programs—taxable sales activity, gasoline distributions, cigarette and alcohol consumption, and allocations of local sales and use taxes. The Tax Information Office also provides prompt replies to telephone inquiries from the media, Legislature, and the public.

The Board makes every effort to provide timely and accurate answers to taxpayers' questions about particular tax situations. The 58 business taxes field offices are staffed with personnel qualified to answer a wide variety of tax questions over the phone. Upon written request, the Board staff will also provide advice on the application of tax law to specific situations. Written sales and use tax advice is binding upon the Board under the provisions of AB 3338 (Moore), Chapter 1728, Statutes of 1984.

Publications comprise an important element of the Board's tax information program. The Board makes available to the public a series of "Tax Tip" and law pamphlets, annotated law guides, and "Taxable Sales" analyses, as well as its rules and regulations, quarterly tax information bulletins, and a variety of statistical reports.

IV. BUSINESS TAXES

Highlights of 1984–85

Sales and Use Tax Penalty Amnesty

California taxpayers were afforded a unique, one-time opportunity to clear their past tax obligations, without fear of penalty or criminal prosecution. The Tax Penalty Amnesty Program granted relief from penalties under both the Sales and Use Tax Law and the Personal Income Tax Law. The program ran from December 10, 1984 through March 15, 1985 and resulted in the filing of more than 3,400 sales and use tax amnesty returns, totaling more than $41 million in back taxes and interest. The personal income tax portion of the amnesty program yielded $103 million from 146,500 tax returns filed with the Franchise Tax Board.

The slogan, "Get to us before we get to you!", became well known during the tax amnesty period and alerted taxpayers to the Board's followup enforcement program. This program concentrates enforcement efforts in areas where the greatest opportunity for tax evasion exists. (See page 32.)

Taxpayer Advice on Sales and Use Tax

Taxpayers may now be relieved of tax, interest, and penalties where the Board finds that the failure to make a timely return or payment of sales or use tax was due to the taxpayer's reasonable reliance on written advice from the staff of the Board. Taxpayers are encouraged to seek in writing answers to specific tax application questions. (See page 38.)

Stricter Penalties for Misuse of a Sales and Use Tax Resale Certificate

Senate Bill 1325, effective July 1, 1984, imposes substantially larger penalties for the abuse of sales and use tax permits. Of primary concern are permit holders who purchase property for their own use without paying tax. Stricter penalties include a fine of 10 percent or $500, whichever is greater, for each misuse of a resale certificate. (See page 33.)

BUSINESS TAXES PROGRAMS

The term "business taxes" is used by the Board to refer to those tax programs which deal with various types of businesses or some aspect of commerce, as distinguished from property taxes, which are described in the next section of this report. The Board's Department of Business Taxes is responsible for administering eleven tax programs. The one most familiar to Californians is the sales and use tax. Revenue from this tax far exceeds any other tax program administered by the Board and is the second major source of state revenue, exceeded only by the personal income tax. During fiscal year 1984–85, sales and use tax collections exceeded $12.8 billion.

The Board's business taxes programs are:

Sales and Use Taxes—Imposed on retailers for the privilege of selling tangible personal property in California. The use tax is imposed on purchasers of retail property which is not subject to sales tax. Both taxes are levied as a percentage of taxable transactions. All state and local sales and use taxes are reported to the Board on a single form. Sales and Use Taxes include:

- State Sales and Use Tax
- City and County Sales and Use Taxes
- Transit District Transactions (Sales) and Use Taxes

Motor Vehicle Fuel License Tax—gasoline and aircraft jet fuel

Use Fuel Tax—diesel, propane, and other fuels used in motor vehicles

Alcoholic Beverage Tax—beer, wine, and distilled spirits

Cigarette Tax—cigarettes

Insurance Tax—gross premiums of insurance companies

Energy Resources Surcharge—electrical energy usage

Emergency (911) Telephone Users Surcharge—telephone communication services

Moore Universal Telephone Service Act—telephone communication services

Hazardous Waste Tax—disposal of hazardous wastes

All these taxes are based on a system of self-assessment. During fiscal year 1984–85, the Board collected $14.6 billion in state and local revenue at a cost of $104,904,000, spending 72 cents to collect each $100 in revenue.

State Sales and Use Tax

Enacted in 1933, the state sales tax was supplemented two years later by the use tax, which was designed to protect California merchants against competition from out-of-state retailers not subject to sales tax. The sales tax is measured as a percentage of the gross receipts from retail sales; the use tax is measured by the purchase price of the property. The rate is the same for both taxes; however, the use tax does not apply to transactions which are subject to the sales tax. The sales tax is imposed on retailers for the privilege of selling tangible personal property in California. The law authorizes the retailer to be reimbursed by collecting the tax from the consumer.

The current state sales and use tax rate is 4.75 percent. The city and county local sales and use tax rate is 1.25 percent, bringing the total rate to 6 percent in most counties. In addition, six California counties levy a 0.5 percent transit district transaction (sales) and use tax for a combined tax rate of 6.5 percent. Since April 1, 1985, two 0.5 percent transit taxes are levied in Santa Clara County, where the overall tax rate is now 7 percent.

Every person in the business of selling tangible personal property subject to the sales and use tax must apply to the Board for a seller's permit. Wholesalers as well as retailers are included. In 1984–85, the 6 percent sales and use tax yielded revenues of $12.4 billion for the state, cities, and counties. An additional $420.1 million in transit taxes was collected for the seven counties which have transit districts.

The sales and use tax is levied on most retail sales, on leases of tangible personal property, and on purchases from out-of-state retailers for use in California. Principal exemptions apply to most sales of food for home consumption and prescription drugs.

Every person in the business of selling tangible personal property subject to tax must apply to the Board for a seller's permit. Wholesalers as well as retailers are included. There is no fee for the permit, but the applicant may be required to furnish security to assure payment of the tax. Most permit holders are required to file quarterly tax returns, but the Board may require taxpayers to file monthly or may designate annual reporting.

The 4.75 percent state sales and use tax yielded revenues of $9,797,612,000 during the 1984–85 fiscal year, up 11.4 percent from the previous fiscal year. These collections are deposited in the state general fund which supports the public school system, higher education, and health and welfare programs. (See Statistical Appendix tables 18, 19, and 20 for detailed information on state sales and use tax.)

Local Sales and Use Tax

All 58 California counties and 439 incorporated cities impose a local sales and use tax under the terms of the Bradley-Burns Uniform Local Sales and Use Tax Law. The counties impose a 1.25 percent sales and use tax and the cities impose a tax up to 1 percent. The city tax is credited against the county tax so the overall rate will equal 1.25 percent. Since 1961, all counties and cities have contracted with the Board to administer these taxes which are reported by taxpayers on their state sales and use tax returns. During the 1984–85 fiscal year, local sales and use taxes produced $2,557,893,000 in local tax revenue, up 11.4 percent from the previous fiscal year.

The Board's Local Tax Unit is the focal point for administration of these taxes and works closely with cities, counties, and transit districts to assure the correct allocation of their revenues. The unit provides a constant flow of data to local taxing jurisdictions on businesses operating with sales tax permits and the amount of taxes paid by each permit holder. Local government officials may examine Board records to verify the accuracy of the revenues that are distributed.

The law specifies that all retail sales occur at the retailer's place of business unless the property is delivered to an out-of-state destination by the retailer, the retailer's agent, or by common carrier. The place where a retail sale takes place is often referred to as "situs" and is the primary basis for local tax allocations.

Approximately 95 percent of all tax returns filed by taxpayers are processed according to an area code which identifies the taxing jurisdiction of the place of business of the retailer. The other 5 percent consists of tax returns filed by taxpayers who have multiple places of business or who conduct business away from their principal location and must file allocation schedules by location or by county. There are 40,793 accounts in this category that require special processing. Although these accounts represent only 5 percent of the total accounts, they produce approximately 65 percent of the total sales and use tax revenues collected.

The law requires that disbursement of local tax receipts shall be made at least twice in each calendar quarter. In order to increase cash flow to local government, monthly payments are made to each jurisdiction. Estimated advance payments are mailed each month, with a final "cleanup" payment made following the processing and accounting of tax returns due for each quarter. Upon request, those funds are directly deposited by the Board in a Sacramento branch of the city's or county's bank to make money available and to earn interest sooner. (See Statistical Appendix tables 21A, 21B, 21C, and 22 for more information on local sales taxes.)

Transit District Taxes

Today the majority of the state's population lives in one of the transit districts which impose an additional 0.5 percent transactions (sales) and use tax for the support of transit systems.

The tax must be collected by retailers engaged in business within a transit district imposing such a tax. The transaction (sales) tax does not apply to sales of property which will be used outside the district when the property is delivered to customers outside the district.

Transactions (sales) and use taxes are levied by the following taxing jurisdictions:

The Bay Area Rapid Transit District (BART), composed of San Francisco, Alameda and Contra Costa Counties, was established April 1, 1970 as the state's first 0.5 percent taxing jurisdiction. In 1984–85, the Board distributed $102,822,000 to BART.

The Los Angeles County Transportation Commission, which began imposing the 0.5 percent levy throughout the county on July 1, 1982, is the state's largest transit district in terms of revenue and population. During 1984–85 it received $285,072,000 for the support of transportation projects.

The Santa Cruz Metropolitan Transit District tax became effective January 1, 1979 in Santa Cruz County and yielded $7,111,000 in 1984–85.

The San Mateo County Transit District tax, effective July 1, 1982, produced revenues of $25,982,000 during the fiscal year. The tax is imposed throughout San Mateo County.

In Los Angeles, a Southern California Rapid Transit bus travels freely through rush hour traffic in a special bus and carpool lane. Transit systems in Los Angeles and six other California counties receive support from the transactions (sales) and use taxes collected for them by the Board of Equalization.

Santa Clara County currently has two separate 0.5 percent transit taxes in effect throughout the county, bringing the overall tax rate to the highest in the state at 7 percent. The Santa Clara County Transit District began imposing a 0.5 percent tax on October 1, 1976; that levy yielded $70,289,000 in 1984–85. A second transit tax levied by the Santa Clara County Traffic Authority was approved by the voters in November 1984 and became effective April 1, 1985. This tax is expected to yield a like amount for the improvement of specific highways in the county.

Motor Vehicle Fuel License Tax (Gasoline and Aircraft Fuel)

The Motor Vehicle Fuel License Tax is imposed on gasoline at the rate of 9 cents per gallon on the first distribution of fuel in this state. This tax is levied by distributors to retail outlets, brokers, and certain other distributors. It is collected by the Board and deposited in the state transportation tax fund, to be used for highway construction and maintenance and for public mass transit construction.

During 1984–85 a total of 11.6 billion gallons of gasoline (including gasohol) were distributed in California, up 2.3 percent from the previous fiscal year. Motor vehicle fuel tax collections amounted to $1,054,864,000, an increase of 2.6 percent.

The Aircraft Jet Fuel Tax is imposed on dealers at 2 cents per gallon. All money collected is deposited in the aeronautics fund and is used for maintenance of local airports. Sales to the major users of jet fuel—common carriers, the United States Armed Forces and persons engaged in constructing or repairing aircraft—are exempt from the jet fuel tax. The total aircraft jet fuel tax collected for fiscal year 1984–85 was $884,000 on distributions of 41.6 million gallons, a 4.6 percent revenue increase from 1983–84. (See Statistical Appendix tables 23 and 24 for more information.)

Use Fuel Tax

A use fuel tax is imposed upon "users" and "vendors" of fuel. Use fuels include diesel fuel, alcohol, liquefied petroleum gas, and liquid and compressed natural gas pumped into a fuel tank for use in the propulsion of a motor vehicle operated on a California highway. Those motor vehicle fuels, such as gasoline and gasohol, which are not taxed under the Use Fuel Tax Law are subject to the Motor Vehicle Fuel License Tax Law.

The state tax is 9 cents per gallon on diesel fuel and 7 cents per 100 cubic feet of compressed natural gas. The tax on liquefied petroleum gas and liquid natural gas is 6 cents per gallon. As of January 1, 1976, owners of vehicles using liquefied petroleum gas, liquid natural gas, or compressed natural gas are given the option of paying an annual flat rate fee based on the type or weight of the vehicle. This is an incentive designed to encourage motorists to convert vehicles to use these fuels which have pollutant emission levels lower than those of gasoline.

The tax does not apply to fuel used other than for the generation of power to propel a motor vehicle in this state. Exempt from this tax are certain motor vehicles operated off the highway and farm and construction vehicles exempt from vehicle registration. Fuel used by local transit districts, school districts and certain other bus operators is exempt from all but a 1-cent-per-gallon tax.

Tax Auditor Robert Sayre conducts a spot check of retail cigarette sales at a Sacramento grocery store. Each cigarette pack must have a special tax stamp indicating the tax has been paid. Distributors purchase cigarette tax stamps from a bank under contract with the Board. In 1984–85, the cigarette tax yielded $262.9 million.

All vendors and users of fuels subject to this tax must obtain a permit from the Board, with the exception of persons who purchase fuel tax-paid for use in a privately operated passenger vehicle, such as a diesel-powered car.

There were 70,145 "user" use fuel and 3,270 "vendor" use fuel permits in force as of June 30, 1985. The Board collected a total of $131,244,000 in use fuel taxes and fees in 1984–85, up 4.4 percent from the previous fiscal year. Revenues from the use fuel tax are deposited in the state transportation tax fund. (See Statistical Appendix table 25 for additional information.)

Cigarette Tax

Revenue received from the cigarette tax is generated through the sale of tax stamps which are affixed to each package of cigarettes before the cigarettes are sold by the distributors. Each authorized distributor must purchase the stamps from a bank which has contracted with the Board to act as its agent for such transactions. The stamps are manufactured for the Board under contract by a large private firm which delivers the stamps to bank branches as directed by the Board.

Meter impressions as a form of indicia are also permitted by law; however, in a major policy decision during the year, the Board decided to eliminate the use of meter impressions as a form of indicia.

The cigarette tax is imposed on distributors of cigarettes at a rate of 5 mills ($0.005) per cigarette, which equals 10 cents per pack of 20. The tax has been imposed at the current rate since October 1967. Stamps are currently available in 5, 10, and 12.5 cent denominations only.

Revenue from the cigarette tax is deposited in the state treasury to the credit of the cigarette tax fund. Thirty percent of the revenue, less administrative costs, is allocated directly to cities and counties. Distribution to the cities and counties is based partly on population and partly on distributions of local sales and use tax revenue. During the 1984–85 fiscal year, local government's share totaled $78,748,948.

Although the cigarette tax is levied on most sales or consumption of cigarettes, there are some exemptions from the tax. Principal exemptions include sales to the exchanges and commissaries of the United States Army, Air Force, Navy, Marine Corps, Coast Guard, and Navy or Coast Guard ships' stores, to the United States Veterans Administration, and to the Veterans Canteen Service which services the Veterans Administration hospitals.

Cigarette tax revenues during the 1984–85 fiscal year totaled $262,870,000, a decrease of 0.1 percent. (See Statistical Appendix tables 21A, 30A, and 30B for more information.)

Alcoholic Beverage Tax

The alcoholic beverage excise tax is paid by manufacturers, blenders, rectifiers, wholesalers and importers of distilled spirits, beer or wine. Registration of the companies as excise taxpayers automatically occurs when the Department of Alcoholic Beverage Control issues a license to authorize their operations. However, prior to issuance of the license, the applicant is required to post the necessary security with the Board.

The tax on alcoholic beverages is based on gallonage. Therefore, changes in revenue are attributable to a growing population, changes in product preference, and increasing or decreasing per capita consumption. Per capita consumption of alcoholic beverages in California for fiscal year 1984-85 included 24.23 gallons of beer, down 1.2 percent; 4.65 gallons of wine, up 1.1 percent; and 2.04 gallons of distilled spirits, down 0.3 percent from 1983–84.

California's tax rates on alcoholic beverages are among the lowest in the nation.

The excise taxes on distilled spirits are collected when the product is sold by a wholesaler to retailer. The tax rates are $2 per gallon for 100 proof or less, and $4 per gallon for beverages over 100 proof. Taxes on distilled spirits for fiscal year 1984–85 totaled $105,497,000, which was 78.1 percent of the total alcoholic beverage taxes collected.

Beer and wine excise taxes are collected from beer manufacturers and vintners when the product is withdrawn from bond and the federal tax is paid, or from importers when the product is imported into California. Excise taxes collected on beer at the rate of 4 cents per gallon totaled $25,146,000 in 1984–85, which was 18.6 percent of the total alcoholic beverage excise taxes.

Still wines are taxed at 1 cent per gallon if the alcohol content is 14 percent or less. The tax is 2 cents per gallon for still wines over 14 percent. Champagne and sparkling wines are taxed at 30 cents per gallon. A total of $4,416,000 in excise taxes was collected on wines during fiscal year 1984–85. Champagne and sparkling wines accounted for 73.4 percent of the excise taxes collected on wines.

The Board processes all the alcoholic beverage determinations, redeterminations, and refunds. The revenue is deposited to the credit of the alcoholic beverage control fund.

During the fiscal year, the Board consolidated its statewide audit functions for alcoholic beverage taxes. Northern California audits are now performed by the headquarters Excise Tax Unit, while all southern California alcoholic beverage tax audits are conducted by the Board's Hollywood district office. (See Statistical Appendix tables 27, 28, and 29 for more information on alcoholic beverage taxes and per capita consumption data.)

4
Liquor
Canned Meat
Canned Fish

Alcoholic beverage taxes on distilled spirits are collected when the product is sold by a wholesaler to a retailer. In 1984-85, the Board collected $105.5 million in taxes on distilled spirits, $25.1 million on beer, and $4.4 million on wine. California's tax rates on alcoholic beverages are among the lowest in the nation.

Insurance Tax

The Board of Equalization, the State Controller, and the Department of Insurance jointly administer the insurance tax. Acting on information from the Department of Insurance, the Board issues tax assessments based upon gross premiums received by insurance companies for business done in California. The only exception to this is the tax on ocean marine insurance, which is computed on underwriting profits. The insurance tax is levied against insurance companies in lieu of all other taxes except license fees and taxes on real estate. Out-of-state insurers are assessed an additional retaliatory tax if the tax rate in their state of domicile is higher than California's tax rate.

The gross premium tax rate for calendar years through 1985 was 2.33 percent, except that premiums derived from annuities and profit sharing plans which qualify under certain sections of the Internal Revenue Codes are taxed at 0.5 percent. Effective January 1, 1986, the gross premiums tax rate is 2.35 percent.

The following table summarizes assessments by type of insurer for the last three years:

INITIAL INSURANCE TAX ASSESSMENTS

(In Thousands)

Type of Insurer	*1982*[a]	*1983*[a]	*1984*[b]	*Percent Increase 1983–84*
Fire & Casualty	$302,602	$330,468	$381,081	15.3
Life	182,918	201,468	217,783	8.1
Title	6,129	8,628	9,227	6.9
Ocean Marine	184	67	86	28.2
Total	$491,833	$540,631	$608,176	12.5

[a] Includes retaliatory tax.

[b] Includes retaliatory tax of $5,088 (to the nearest thousand).

Additional information on the Insurance Tax may be found in Statistical Appendix tables 31, 32, and 33.

Energy Resources Surcharge

The Energy Resources Surcharge Law became effective January 1, 1975, to fund the activities of the California Energy Commission, whose purpose is to:

1. Provide for forecasting and assessment of energy demands and supplies and for conservation of energy resources by designated methods.
2. Certify power sites and facilities.
3. Develop and coordinate a program of research and development in energy supply, consumption and conservation, and the technology of siting facilities.
4. To provide for development of contingency plans to deal with possible shortages of electrical energy or fuel supplies.

During fiscal year 1984–85, appropriations from the energy resources program account were made to the California Conservation Corps, Department of General Services and the Air Resources Board. Also Chapter 1321, 1983 Statutes, provided a transfer from the account to the general fund, to offset tax revenue lost from a methanol tax credit.

The energy resources surcharge is imposed upon the consumption of electrical energy in this state at the rate of two-tenths of a mill ($0.002) per kilowat hour. The surcharge is collected from consumers of electrical energy and paid to the Board by the 51 electric utilities operating in California. There are also 28 public institutions, water districts, and irrigation districts which remit the surcharge for electrical energy they purchase directly from the federal government for their own use. Energy surcharge collections during 1984–85 totaled $34,432,000.

Emergency Telephone Users Surcharge ("911")

The Emergency Telephone Users Surcharge was enacted by the Legislature to provide funds for counties, cities, and other local entities to implement and operate emergency telephone systems. The Legislature has mandated that all local agencies have their systems in operation by December 31, 1985, with access to each system by the common phone number 911. After December 31, 1985, it should be possible to dial 911 for police, fire, medical, and rescue assistance from anywhere in California. An emergency call through a public pay phone does not require the use of a coin.

At the Sacramento County Sheriff's office, a deputy takes a call on the "911" system which provides assistance for fire, police, and medical emergencies. The "911" systems now in operation throughout California are funded by the Emergency Telephone Users Surcharge collected by the Board.

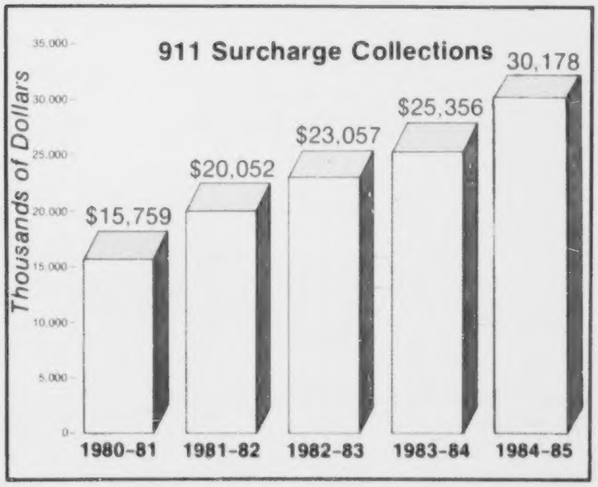
Of the 377 systems which have been planned, 343 were in operation on or before June 30, 1985. The remaining 34 systems will be on line, as mandated by law, on or before December 31, 1985.

The State Department of General Services establishes minimum technical and operational standards for the 911 system, provides consultation service, and approves and recommends the funding necessary to implement and operate each system. The Department must determine annually the rate it estimates will produce sufficient revenue to fund the 911 program. The Department notifies the Board if a new rate is required, since it is the Board's responsibility to fix the new rate and notify the telephone companies accordingly. The rate may not be less than 0.5 percent and not more than 0.75 percent.

During the 1984–85 fiscal year, the surcharge was imposed at the rate of 0.5 percent on the charges for intrastate telephone communication services. Every telephone service supplier is required to collect the surcharge from the service user at the same time billings for services are collected.

Currently 170 service suppliers are registered with the Board of Equalization, a substantial increase over the 67 registered at the conclusion of 1983–84 fiscal year. The increase is directly attributable to such factors as the divestiture of the American Telephone and Telegraph Company, the advent of cellular telephone technology, and the deregulation of the telephone industry.

The following table summarizes surcharge collections for the last five fiscal years:



Moore Universal Telephone Service Act

In the first year since its implementation, the Moore Universal Telephone Service Act collected $57,637,000. The Moore tax is imposed upon each designated service supplier in the state, measured by the gross revenues received from intrastate telecommunications service provided on or after July 1, 1984. The tax rate, which is determined annually by the Public Utilities Commission, was set at 4 percent. This rate, which is the maximum allowed by law, has been retained for the 1985–86 fiscal year.

Universal telephone service is designed to meet minimum residential communications needs. The service allows access by the elderly, the handicapped, the infirm, and low-income persons to telephone service for emergency communications with public agencies and private medical services and for the maintenance of necessary social contacts. The service is available at a substantially discounted rate.

At the direction of the Public Utilities Commission, the proceeds from the tax are redistributed by State Controller to the local telephone companies to defray the costs of providing basic universal telephone service.

During this fiscal year, the Board adopted Regulation 2610, which allows re-sellers to deduct on their tax return the amount paid to another service supplier for intrastate telecommunications services for which that other service supplier has paid the tax imposed. Also during the year, the Public Utilities Commission reaffirmed the Board's position that data communications companies are subject to the tax.

Hazardous Waste Tax

The hazardous waste tax (or fee) is imposed on operators of hazardous waste dump sites and upon persons who dispose of hazardous wastes on property owned or controlled by them.

The tax rate was $4 per ton for the 1982–83 fiscal year. Effective July 1, 1983, hazardous waste disposal was reported in two categories with different rates. The "restricted hazardous waste" category was taxed at a rate of $18 per ton; a rate of $6.40 per ton was applicable to all other hazardous wastes not in the restricted category. Beginning July 1, 1984, the reporting categories were increased to five, with different rates for each category. A base rate of $9.92 per ton was established for the hazardous waste which is landfilled and is not restricted or extremely hazardous. (The previous year's rate was $6.40 per ton.) The rate for extremely hazardous or restricted waste was set at $19.84 per ton. Three new categories were established for hazardous wastes that were formerly reported together. A separate category was established for wastes that are hazardous under California law, but not considered hazardous under federal law. Mining wastes were also included in this category and the rate was established at $2.48 per ton. A separate category was established for residue resulting from incineration with a rate of $0.50 per ton and a new category was created for disposals into a double-lined surface impoundment with a rate of $0.99 per ton.

The total hazardous waste tax collected during the 1984–85 fiscal year was $12,635,983. These funds were deposited in the state treasury to the credit of the hazardous waste control account in the general fund. The money is used to support the Hazardous Waste Management Branch of the Department of Health Services.

Hazardous Substance Tax

The Hazardous Substance Tax, generally known as the state superfund tax, is imposed on the generators of hazardous wastes who dispose of the substances in California. Each generator is required to register with the Board and file an annual report by March 1, detailing the hazardous wastes disposed of in the preceding year.

The report must show the total tonnage of hazardous waste disposals in each of four categories based on the nature of the substance and the method of disposal. A report is made by the Board and certification of the total tons of hazardous waste disposal in each category is prepared for the Governor by April 15.

Data from the annual hazardous waste disposal reports are used by the Board to compute the basic tax rate under the formula prescribed by law. Tax assessments are determined by applying the tax rate to quantities of wastes reported to produce the $15 million superfund. The assessments are made on May 1 and must be paid by July 1. The monies are deposited in the general fund and credited to the hazardous substance account. Each $1 million of funds collected by the Board is matched with $9 million from the federal government to be used for cleanup of toxic spills and abandoned dumpsites.

The government identifies these sites, which are ultimately included on a superfund cleanup list prepared by the Environmental Protection Agency and the California Department of Health Services. One of the worst cases of contamination in California is the Stringfellow site, a former Class I disposal site in Riverside County. This site, located five miles northwest of the city of Riverside, received approximately 32 million gallons of waste during its active years of operation. This site was closed in 1972 and abandoned by the Stringfellow Corporation in 1974. Actual ownership reverted to the state in 1980 for unpaid taxes. The total cost for cleanup of that site is expected to approach $6.5 million.

Revenues from the Hazardous Substance Tax were used in combination with federal funds to clean up this illegal toxic dump site located in a heavily residential area of Los Angeles. Calling itself "recycling center," the Capri Pumping Service contaminated soil and public water supplies with lead, cyanide, chromium, cadmium, and zinc. Cleanup of this site was completed in 1984.

REVIEW OF OPERATIONS

We're Here to Help

It is the Board's job to encourage taxpayers to cooperate voluntarily. Currently more than 800,000 taxpayers have accounts and file tax returns.

The Board maintains a network of some 60 field offices to serve taxpayers. In addition to its California offices, the Board maintains offices in New York, Chicago, Houston, and Sacramento, for taxpayers who do business in California, but maintain their records or headquarters in other states. During the fiscal year, nine of the Board's in-state offices were relocated to more convenient service areas. A complete directory of the Board's office locations and telephone numbers is published on page A-44 of the Appendix.

Anyone who opens a new business or buys an established business first makes contact with the Board's staff through a field office. During this initial visit, the person obtains a seller's permit and at the same time may be registered with the Employment Development Department for employment taxes. The Board representative also provides information on how to apply taxes to the type of business for which the permit is being issued. If further questions arise, Board representatives are available to provide advice over the phone or by letter. During the life of the typical business, the taxpayer will normally have infrequent contacts with Board employees, unless the taxpayer becomes delinquent in filing returns or paying taxes.

The Board's business taxes field offices are staffed by some 1,660 employees whose responsibilities are organized into two primary functions—audit and compliance. The audit staff conducts on-site audits of existing accounts and prepares reports of findings and recommendations for processing by headquarters audit staff; the compliance staff registers taxpayers, provides advisory services, and collects delinquent taxes.

Processing and Review of Tax Returns

Tax returns are reviewed and verified at Board headquarters to simplify reporting for taxpayers and the same time verify the accuracy of returns submitted. The examination of returns is an effective method of determining areas in which taxpayers may be experiencing difficulties in reporting.

During fiscal year 1984–85, California taxpayers filed more than 3,218,473 sales and use tax returns and prepayment forms as well as an additional 218,135 use fuel tax returns. This represents an increase of nearly 2.5 percent in the number of returns filed over the prior year. The steady growth in the number of accounts and tax returns filed during the past several years is illustrated in the following schedule:

ACCOUNT TAX RETURN

Growth summary

	Active Sales and Use Tax and Use Fuel Tax Accounts		*Returns and Prepayment Forms Processed*	
Period	*Volume*	*% Increase*	*Volume*	*% Increase*
1980–81	685,242	–	3,073,366	–
1981–82	721,183	5.3	3,214,759	4.6
1982–83	743,428	3.1	3,322,631	4.3
1983–84	765,284	2.9	3,352,366	0.9
1984–85	795,713	4.0	3,436,608	2.5

Every sales and use tax return and use fuel tax return filed with the Board is individually examined to ensure that each is correct. Discrepancies are identified for further action. Those with identified liabilities, such as nonremittance or late returns, are billed immediately for any tax and delinquency charges due. Other exceptions, which include such problems as questionable deductions, incomplete returns, extension requests or prepayment reconciliation, are handled through correspondence.

Interest calculation charts are distributed with tax returns and are available upon request to help taxpayers compute any interest due on their taxes from various reporting periods. The method of computing interest has changed several times in recent years from a simple 1 percent per month to a variable rate compounded daily. As of July 1, 1985, the method of calculating interest returned to a simple monthly basis at a rate which is adjusted semi-annually according to current market interest rates as determined by the Franchise Tax Board. The rate for July through December 1985 was 14 percent per annum.

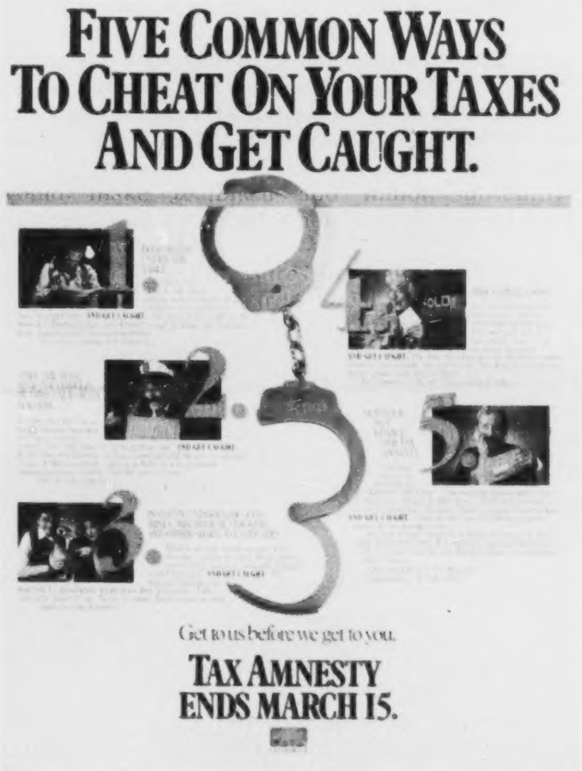
In the Sacramento District Office Program Technician Kathleen Wilson registers a new taxpayer and provides him a Tax Tip pamphlet which explains how sales taxes apply to his type of business.

Collection of Delinquent Taxes

The collection of delinquent tax payments is primarily the responsibility of field offices. Efforts are made to collect these payments by telephone or by correspondence. When these efforts are not successful, taxpayers are likely to be contacted at their place of business by a tax representative. Generally, less than 10 percent of the business tax accounts in California require special attention from the compliance staff.

The Sacramento headquarters compliance personnel provide support for the field staff. The Collections Unit gives advice and assistance on legal collection such as bankruptcies, probates, and assignments. The Compliance Planning and Evaluation Unit conducts a continuing review and refinement of procedures, policies, and forms.

During the 1984–85 fiscal year, the Board's compliance staff was responsible for collecting delinquent accounts receivable amounting to $155 million.


FIVE COMMON WAYS TO CHEAT ON YOUR TAXES AND GET CAUGHT.
1
2
3
4
5
Get to us before we get to you.
TAX AMNESTY ENDS MARCH 15.

Posters and pamphlets were on display in hundreds of locations throughout the state in the widely publicized Tax Amnesty program which ran from December 10, 1984 through March 15, 1985. The program drew wide attention from newspapers, magazines, television, and radio. The resulting public awareness helped make the program a resounding success.

Tax Penalty Amnesty Program

The tax penalty amnesty program was mandated by Assembly Bill 3230 (Hannigan) Chapter 1490, Statutes of 1984. The program provided a two-part approach to the growing problem of tax evasion. First, it offered an opportunity for persons who either had underreported or failed to report their tax liabilities to come forward without fear of penalties or criminal prosecution. Secondly, it promised intensified enforcement action against those who did not take advantage of amnesty or who attempt to evade future tax liabilities.

The amnesty program applied to the personal income tax administered by the Franchise Tax Board and the sales and use tax administered by the Board of Equalization. If the conditions of amnesty were met, all penalties and criminal prosecutions were waived with respect to the amounts reported and paid. However, the Board may audit periods for which amnesty returns were filed.

The amnesty program was widely publicized to maximize public awareness and participation. Large colorful posters were displayed and pamphlets were distributed in hundreds of locations throughout the state. Frequent news releases resulted in numerous newspaper stories, columns, and editorials. Television and radio public service announcements and news stories were especially effective in spreading the message. An advertisement in the Wall Street Journal was aimed directly at the business community. Board employees delivered many speeches on amnesty at meetings of a wide variety of business and civic organizations throughout the state. The quantity and quality of this publicity contributed substantially to the exceptional success of the program.

The sales and use tax amnesty program was an outstanding success. More than 3,400 tax returns were filed under the program, and more than $41 million in taxes and interest was reported. It is estimated that retailers who applied for seller's permits under the amnesty program will pay almost $1 million annually in future taxes. The publicity about intensified post-amnesty enforcement should have a beneficial effect on future self-declarations of tax.

The slogan of the amnesty program was "Get to us before we get to you!" The promise of intensified enforcement made by this slogan is being kept. The increased enforcement program includes concentrated efforts in those areas where the greatest opportunities for tax evasion exist, expanded sources of information for use in identifying and collecting unpaid tax liabilites, and use of new tools provided by the amnesty legislation.

Special resources are being used to identify and investigate persons involved in transactions where abuse of the tax law is particularly prevalent. Persons who issue resale certificates for property for personal use and persons who register vehicles, vessels, or aircraft out-of-state to avoid the tax have been identified for increased enforcement. Others will be identified in the future. In addition, lists of businesses are being obtained from a variety of sources and are compared to Board registration records to identify retailers operating without a seller's permit. A key element in the intensified enforcement program is the increased exchange of information among governmental agencies. This frequently leads to the identification and investigation of delinquent or unregistered taxpayers. The Board obtains information from many sources, including the Internal Revenue Service, U. S. Coast Guard, the Federal Aviation Administration, the Franchise Tax Board, California Highway Patrol, and Employment Development Department.

The legislation which established the amnesty program also provided the Board with additional tools for use in an intensified enforcement program. Unregistered sellers are now subject to a 50 percent penalty on taxes owed prior to registration. Persons who misuse resale certificates with intent to evade taxes may now be assessed, in addition to other penalties, a $500 penalty or 10 percent of the taxes owed, whichever is greater. Persons who register vehicles, vessels, and aircraft outside this state for the purpose of evading taxes are now subject to assessment of a 50 percent penalty.

Increased penalties for unpermitted use fuel users have also increased over the past 18 months. A 19.1 percent increase in use fuel registrations since January 1, 1984 is a direct result of improved registration procedures and higher penalties.

The amnesty program, combined with the intensified enforcement program, produced substantial revenue and resulted in the registration of a significant number of retailers. Perhaps more importantly, it will enable the Board to combat tax evasion even more vigorously in the future.

The personal income tax portion of the amnesty program (which included accounts receivables), yielded $103 million from 146,500 tax returns filed. The post-amnesty program conducted by the Franchise Tax Board also includes intensified enforcement efforts. For more information on personal income taxes, contact the Franchise Tax Board.

Use Taxes on the Occasional Sales of Vehicles, Vessels, Mobilehomes, and Aircraft

The sale of vehicles, vessels, aircraft, and mobilehomes by nondealers is subject to the use tax. The Board contracts with the Department of Motor Vehicles for the collection of use tax at the time a vehicle or vessel is reregistered by the new owner. Under a similar contract, the Department of Housing and Community Development collects the use tax on mobilehomes. If either department is unable to collect the use tax due, the Board's Occasional Sales Unit collects the tax directly from the purchaser.

During 1984–85, the Department of Motor Vehicles collected $187,795,331 in use taxes for the Board; the Department of Housing and Community Development collected $14,716,127; and the Board's Occasional Sales Unit collected $34,545,403 for a total of $237,056,861.

The Occasional Sales Unit has developed innovative methods for discovering and collecting use taxes. A cooperative effort by that unit with the California Highway Patrol and the Department of Motor Vehicles to identify California vehicles illegally registered out-of-state brought in revenues of $1,556,273 during calendar year 1984.

Aircraft illegally registered out-of-state are the target of a new program which compares the personal property roll of county assessors with the records of the Federal Aviation Administration. A test program conducted in San Diego County this fiscal year revealed registration discrepancies on aircraft valued at $2.2 million. A similar program is being developed for documented vessels using Coast Guard records.

A growing "gray market" of illegally imported foreign-vehicles—generally luxury cars such as Ferraris, Lamborghinis, and Mercedes-Benz—is the focus of a new Occasional Sales program. The Board is working

This illegally imported Mercedes Benz 450SL was impounded from a dealer in Fresno who attempted to evade California use taxes and smog requirements. Use tax recoveries on such "gray market" vehicles totaled $243,320 in 1984–85.

with U.S. Customs, the Federal Bureau of Investigation, the U.S. Environmental Protection Agency, the U.S. Department of Transportation, and five California state agencies to curb evasion of use taxes and ensure compliance with state and federal safety and emissions requirements. Use tax recoveries on gray market vehicles totaled $243,320 in 1984–85 and an additional $1,580,939 has been billed.

Automation has provided valuable tools for investigations and collections conducted by the Occasional Sales Unit. A direct video terminal link to the Franchise Tax Board's computer was put in operation during the year. The unit also uses a terminal connected to the Department of Motor Vehicle's computers, a real property locator, voter registration files, and Federal Aviation Administration files. Recently installed is a Telephone Broadcasting System, a self-contained computer-generated automated telephone dialing system, which facilitates the collection of delinquent taxes. Five operators can handle 200 collection contacts per hour, considerably reducing workload and operational costs.

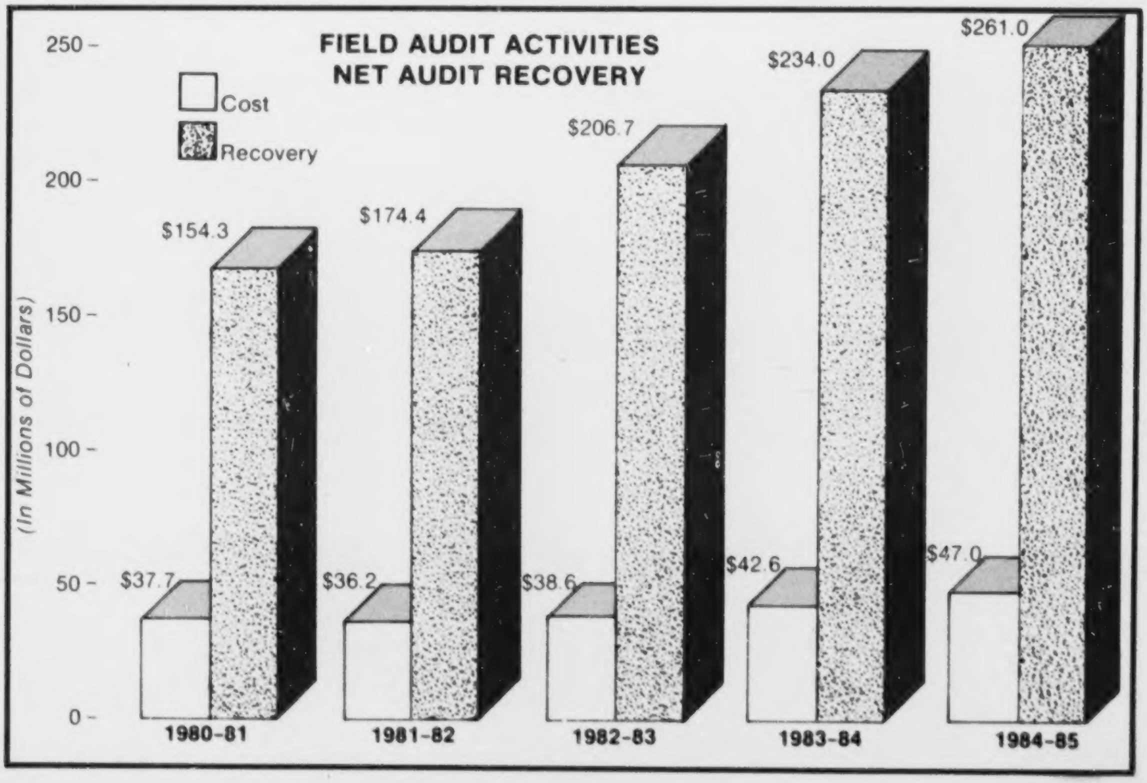
Audit Activities

The Board's audit program promotes uniformity of compliance with tax laws so that taxpayers pay neither more nor less than the laws prescribe. Carelessness and evasion are minimized by the knowledge that a planned and vigorous audit program exists and that taxpayers may be called upon to substantiate the correctness of their tax returns.

In addition to safeguarding the tax base, the audit program also provides information and assistance to taxpayers, enabling them to complete returns and pay their taxes correctly and efficiently. Interpretations of the law and related regulations, which are obtained by taxpayers during the audit process, provide them with a basis for the proper reporting of future tax liabilities. This is true whether the audit discloses no change, understatements, or overstatements of reported tax. A good audit program fosters a climate of cooperation, which leads to greater accuracy in self-assessment.

The Board's audit program is designed to concentrate on accounts most likely to make substantial errors in underreporting tax. About 3 percent of the Board's active business tax accounts are audited or given a limited examination during the year. Approximately 700 auditors are engaged in field auditing activities; 600 are assigned to California field offices, and 100, to the Board's out-of-state audit program guided by its Out-of-State District.

The office of the Principal Tax Auditor develops, guides, and coordinates the Board's audit program. Key support activities include the maintenance of a variable audit selection system, the development of uniform audit practices and standards statewide, and the evaluation of audit activities. The headquarters



The Arcadia District Office is one of the 60 field offices maintained by the Board to serve local taxpayers. In addition to its California offices, the Board maintains offices in New York, Chicago, and Houston to serve taxpayers who do business in California but are headquartered out-of-state.

staff also directs an extensive statewide audit training program, drafts informational Tax Tips pamphlets for release to the public, and analyzes legislative bills affecting business tax programs administered by the Board.

The Board provides an administrative appeals procedure for those taxpayers who disagree with the results of a business taxes audit. During the course of an audit and following its completion, the Board auditor will discuss the findings with the taxpayer who may present any additional information or evidence to clarify the dispute. If the taxpayer and auditor are unable to reach an agreement, a meeting usually will be arranged with the auditor's field supervisor. If there are still points of disagreement, the field office may give the taxpayer an opportunity to meet with a higher level local Board representative for an informal discussion of the case before a billing is made.

After the billing is issued, the taxpayer may file a Petition for Redetermination of the audit findings. Petitions are handled by the headquarters audit staff which makes every effort to resolve them through correspondence or discussion without the necessity of a hearing. If a taxpayer desires a formal hearing, an informal preliminary hearing will generally be scheduled with a hearing officer from the Board's Legal Section. Agreement can usually be reached at this level; if not, the taxpayer may request a hearing before the Board Members. The hearing officer will make a recommendation to the Board based on the facts, issues, and legal precedents. At the hearing before the Board, the taxpayer may state his or her case, supported by witnesses or documentary evidence. Following the hearing, a Notice of Redetermination will be issued indicating the Board's decision on the tax liability. If the Board decides the tax is due, the taxpayer may file a claim for refund after paying the liability. If unsuccessful in this claim, the taxpayer has exhausted all administrative remedies and may seek redress in the courts. The review process for business taxes, property taxes, and personal income taxes is described in detail in Board pamphlet 17, "Appeals Procedures."

More than 4,315 taxpayer appeals were received during the year. Approximately 84 percent of these were resolved through correspondence. Board hearing officers held 672 preliminary hearings, resolving an additional 378 petition cases. The Board Members heard 294 petitions which were not settled at a lower level.

During 1984–85, the Board's business taxes audit program established new records in disclosing net tax deficiencies of self-assessed taxes. Net tax deficiencies reached an all-time high of $261 million. Net tax deficiencies per audit hour rose from $237.43 to $270.61, while net tax deficiencies per dollar of cost were $5.55 against $5.49 for the prior fiscal year.

AUDIT RECOVERY BY TAX PROGRAM

Analysis of Audit Activity Fiscal Year 1984–85

	Audit Recovery	
Tax Program	*Net Deficiencies*	*Refunds*
Sales and Use Tax	$254,514,390	$21,755,415
Use Fuel Tax	1,414,599	332,008
Motor Vehicle Fuel License Tax	4,744,667 [a]	1,394,248 [b]
Alcoholic Beverage Tax	196,421 [c]	5,371
Cigarette Tax	223,510	None
Total Business Taxes	$261,093,587	$23,487,042

[a] Includes $14,882 in Aircraft Jet Fuel Tax audit deficiencies.

[b] Includes $2,662 in Aircraft Jet Fuel Tax audit refunds.

[c] Includes $69,088 in deficiency determinations issued as a result of desk screenings.

BUSINESS TAXES LEGISLATION

Following is a brief summary of bills passed by the Legislature during fiscal 1984–85 which are of significance to the Board's business taxes laws. The bill number, chapter number, and effective date of each bill are shown in the summaries which follow.

Partial Use Fuel Tax Exemption Established on Fuel Used in Transporting Pupils

Effective October 1, 1984, this bill establishes a partial use fuel tax exemption for fuel used by school districts, community college districts, county superintendents of schools and private entities providing transportation services to pupils for going to and from school and other school activities. The use fuel used for this purpose will now be taxed at the rate of 1 cent per gallon instead of the respective regular per gallon tax rates. Use fuels covered by this bill include diesel fuel, compressed natural gas, liquefied natural gas, and alcohol fuels.

Assembly Bill 281, Chapter 1163, Statutes of 1984: Amends Section 8655 of the Use Fuel Tax Law.

Sales and Use Tax Exemption Established for Watercraft Used in Transport to Offshore Drilling Operations

The gross receipts from the sale or use of watercraft used 80 percent of more of the time in the transporting for hire of property or persons to vessels or offshore drilling platforms located outside the territorial waters of this state are exempt from the sales and use tax. The exemption extends to any sale of tangible personal property becoming a component part of the watercraft.

Assembly Bill 2297, Chapter 1707, Statutes of 1984: Amends Section 6368 and 6368.1 of the Sales and Use Tax Law.

Retail Sales of Hearing Aids Are Not Subject to Sales or Use Tax

Effective January 1, 1985, licensed hearing aid dispensers are considered the consumer, rather than the retailer of hearing aids and replacement parts, sold or furnished by such dispenser. Therefore, the sale of such items to a licensed hearing aid dispenser is subject to the sales or use tax, but the sale to the customer by a licensed hearing aid dispenser is exempt.

Assembly Bill 2306, Chapter 1576, Statutes of 1984: Adds Section 6018.7 to the Sales and Use Tax Law.

Sale of Food Products for Immediate Consumption Is Subject to Sales Tax

Effective January 1, 1985, food products are subject to sales tax when sold in a form suitable for immediate consumption on the seller's premises, provided 80 percent or more of the seller's gross receipts are from the sale of food products and 80 percent or more of the seller's retail sales of food products are sales subject to tax. Sales tax applies to these sales regardless of whether the food product is consumed on the seller's premises or taken out for consumption elsewhere.

Assembly Bill 2432, Chapter 903, Statutes of 1984: Amends Section 6359 of the Sales and Use Tax Law.

Photocopies Sold by Libraries Are Exempt from Sales and Use Tax

Effective January 1, 1985, a library district, municipal library, or county library and any vendor making sales pursuant to a contract with those libraries are consumers of, rather than retailers of, photocopies which they sell at retail through a coin-operated copy machine located at the library facility. Such sales, therefore, are exempt from sales and use tax. The

Microfilm Technician Juan Gonzales microfilms taxpayer prepayment forms. The headquarters Central Files Unit microfilms approximately 400,000 documents annually in order to save storage space and in the future will begin microfilming tax returns also.

Youth Aides Josie Contreras (left) and Huong Nguyen use video terminals to check current taxpayer registration data. The Board provides temporary jobs through its Summer Work Program and through its participation in the Federal Job Training Partnership Act and the Career Opportunities Development Program.

In the San Francisco District Office, Tax Auditor Barbara Lee answers a taxpayer's questions about the taxability of certain transactions.

sale by these libraries and vendors of papers, ink, and any other property which become an ingredient or component part of the photocopy is subject to the sale or use tax.

Assembly Bill 2436, Chapter 1467, Statutes of 1984: Amends Section 6359.45 of the Sales and Use Tax Law.

Sales and Use Tax Exemption Established for Diesel Fuel Used in Commercial Deep Sea Fishing or Passenger Fishing Boat Operations

Effective October 1, 1984, the sales and use tax does not apply to the sale or use of diesel fuel used in operating watercraft in commercial deep sea fishing or commercial passenger fishing boat operations regularly conducted outside the territorial waters of California.

Assembly Bill 2536, Chapter 445, Statutes of 1984: Adds Section 6368.2 to the Sales and Use Tax Law.

Value Guide or Actual Price to Be Used as Basis for Computing Use Tax When Transferring Ownership of Used Mobilehomes

Effective January 1, 1985, the amount subject to use tax from a purchase of a used mobilehome, which is subject to vehicle license fees, is to be based on the current value of the used mobilehome. The current value is to be determined by a Board-approved value guide whenever the purchaser is required to pay the use tax to the Department of Housing and Community Development. If the used mobilehome is not listed in the Board-approved value guide, or the actual sales price is less than the value in the guide, the actual sales price of the used mobilehome as evidenced by the purchase documents is to be used as the basis for the use tax.

Assembly Bill 2749, Chapter 936, Statutes of 1984 and Senate Bill 1841, Chapter 1760, Statutes of 1984: Amends Section 6012.2 and 6276.1 of the Revenue and Taxation Code.

Tax Auditors Margo Little and Ted Low of the Oakland District Office compare notes on an audit problem.

Increased Penalties Apply to Persons Registering a Vehicle, Vessel, or Aircraft Outside this State to Avoid the Taxes Due

Effective September 26, 1984, the Board may impose a penalty of 50 percent of the tax determined to be due on the sales price of a vehicle, vessel or aircraft which any person registers outside of this state for the purpose of evading the payment of taxes due.

Assembly Bill 3230, Chapter 1490, Statutes of 1984: Amends Sections 6485.1 and 6514.1 of the Sales and Use Tax Law.

Tax Penalty Amnesty Period Enacted for Sales and Use Tax and Personal Income Tax

On September 26, 1984, the Governor signed into law Assembly Bill 3230, which afforded California taxpayers a one-time opportunity to catch up on back taxes prior to a stricter law enforcement program and the levying of new, higher penalties. Amnesty was granted for penalties and criminal prosecution under both the Sales and Use Tax Law and the Personal Income Tax Law.

The tax penalty amnesty period ran from December 10, 1984 through March 15, 1985. To take advantage of the program, the taxpayer had to complete a tax penalty amnesty application, file return forms to report previously undisclosed taxes, and pay the tax and interest due within the amnesty period. The tax penalty amnesty program under the Personal Income Tax Law differed from the Sales and Use Tax Law. (See page 32 of this report.) Additional information regarding the Personal Income Tax program may be obtained from the Franchise Tax Board, (916) 355-0244.

Assembly Bill 3230, Chapter 1490, Statutes of 1984: Adds Article 2 commencing with Section 7070 to Chapter 8 of the Sales and Use Tax Law.

Simple Interest on All Tax Programs

Effective July 1, 1985, interest on overdue taxes under all tax laws will be computed as simple monthly interest on tax only, for each month or fraction thereof. The rate of interest is adjusted semiannually by the Franchise Tax Board according to current market rates.

Assembly Bill 3248, Chapter 1020, Statutes of 1984.

Incorrect Written Sales and Use Tax Advice by the Board May Relieve Taxpayer Obligation

Effective January 1, 1985, the Board may relieve taxpayers of tax, interest, and penalties where the Board finds that the failure to make a timely return or payment of sales or use tax was due to the taxpayer's reliance on written advice from the Board. This relief is available only when there has been written advice by the Board staff in response to a written request from a specific taxpayer, who described fully the specific facts and circumstances of the activities or transactions for which the advice was requested.

Assembly Bill 3338, Chapter 1728, Statutes of 1984: Added Section 6596 to the Revenue and Taxation Code.

Noncarbonated and Noneffervescent Water Bottled in One-Half Gallon Containers is Exempt from Sales and Use Tax

Effective January 1, 1985, the sale of noncarbonated and noneffervescent bottled water in individual containers of one-half gallon or more is exempt from the sales and use tax.

Senate Bill 1554, Chapter 1510, Statutes of 1984: Amends Section 6359.6 of the Sales and Tax Law.

Santa Clara County Traffic Authority Tax Authorized

This bill amended the Transactions (Sales) and Use Tax Law to include Santa Clara County Traffic Authority within the meaning of a "District" which is authorized to impose transactions and use taxes at the maximum rate of 0.5 percent. This transit tax was approved by the voters of Santa Clara County on November 6, 1984, and became effective April 1, 1985. This transit tax is levied in addition to the transit tax currently imposed by the Santa Clara County Transit District. Consequently, the combined sales and use tax rate for Santa Clara County went to 7 percent on April 1, 1985. This new transit tax will expire March 31, 1997.

Senate Bill 2117, Chapter 446, Statutes of 1984: Added Section 7252.6 to the Transactions (Sales) and Use Tax Law.

Sales and Use Tax Exemption for Medical Oxygen Systems Extended Indefinitely

Effective September 26, 1984, the exemption provided for medical oxygen delivery systems was extended indefinitely. Such systems include, but are not limited to, liquid oxygen containers, high pressure cylinders, and regulators. This exemption applies to the sale or lease of this property to a person for his or her personal use as directed by a physician.

Senate Bill 2004, Chapter 1450, Statutes of 1984: Amends Section 6359.5 of the Sales and Use Tax Law.

In the San Bernardino District Office, Business Taxes Representative Ervin Caver reviews his case load before making telephone contact with delinquent taxpayers.

V. PROPERTY TAXES

HIGHLIGHTS OF 1984–85

Fixtures May Be Added to Supplemental Roll

Legislation (AB 2345) and a recent superior court case *(Shafer v. State Board of Equalization)* reversed existing law and prescribed fixtures as improvements subject to assessment on the supplemental roll. The legislation is effective September 10, 1984. (See page 50.)

Market Value Of Public Utilities increased 8 Percent

The Board adopted a $56.5 billion state assessment roll for 1985–86, an increase of 8 percent over 1984–85. The state assessment roll reflects the total value of public utility and railroad property in California. Allocated to the counties, the state assessment roll will yield approximately $620 million in local property taxes for 1985–86 for cities, counties, school districts, and other taxing authorities. (See page 45.)

State Supreme Court Upholds Board's Assessment Of Utilities And Railroads At Current Market Value

The California Supreme Court overruled an appellate court decision which had directed the Board to assess utility and railroad properties at the 1975 values of Article XIIIA of the State Constitution (Proposition 13). (See page 46.)

Audits of Utility Companies Generate Additional Revenue

The Board's Valuation Division's audit of utility company records produced an enrollment of $217 million in escape assessments generating $2.4 million in local property tax revenues. (See page 48.)

Timber Yield Tax Revenues

Timber Yield Tax totalled $12.8 million on a harvest value of $425 million during the fiscal year 1984–85. While the 2.9 percent tax rate remained unchanged the yield tax revenue increased approximately 10 percent over 1983–84. (See page 48.)

HISTORY OF PROPERTY TAXATION

When county assessors found it difficult to assess the recently built railroads and maintain assessment equity among themselves, the Governor in 1870 created a Board of Equalization composed of two appointed members and the State Controller. After the Constitutional Convention of 1878–79, the State Board of Equalization became an elected five-member body entrusted with the assessment of all railroads in the state and the equalization of property assessment levels among the counties.

By 1910, other public utility enterprises had been added to the assessment duties of the Board. The other enterprises included car, express, telephone, telegraph, gas, and electric companies. From 1910 to 1933, the State Constitution provided for a gross receipts tax of public utilities, in lieu of property taxation. However, the gross receipts tax proved inequitable when measured against the assessment of common property and in 1933 the State constitution was again amended to require the ad valorem assessment of public utilities. The Board then began to take a much more active role in promoting intercounty equalization of property assessments.

In 1937, the Board was assigned the administration of the Private Car Tax. Privately owned railroad cars operating in California became taxable property with the proceeds of the tax deposited into the state general fund.

In 1934, the Board's Valuation Division was established to provide value indicators of public utilities for the Board and in 1938 the Board's Assessment Standards Division was formed to distribute appraisal and assessment advice promoting assessment equity among the 58 counties.

Intercounty equalization was the very first function assigned to the Board when it was created by legislation in 1870. Its assignment was to oversee county administration of the property tax and to equalize property tax assessments so that the assessment of property would be equal and uniform among the 52 counties then in existence.

During its first ten years, the Board's equalization orders were stymied by local resistance, judicial reversals, and legislative indecision. However, in 1879, the Board was reorganized by constitutional amendment and directed to continue to oversee administration of the local property tax and also to assess the property of railroads which cross county lines.

Despite its constitutional mandate, intercounty equalization continued to meet local resistance, and in 1949 the State Legislature provided limited funds for an appraisal sampling program. The program, initiated in 1954, was merged with the assessment practices survey function following the passage of Article XIIIA (Proposition 13) in 1978.

With the passage of the Property Tax Assessment Reform Law (AB 80) in 1966, the Legislature intensified the Board's role as an overseer of local assessment practices. The law mandated the certification and annual training of county property tax appraisers, the establishment of property tax rules, the publication of appraisal and assessment handbooks, and a survey of each county assessor's office every six years.

The Board's property tax responsibilities were increased again in 1976 with the passage of the Timber Yield Tax Act, a conservation measure which replaced the ad valorem tax on standing timber with a form of serverance tax based on the amount and value of timber harvests. The Board created the Timber Tax Division to administer the new law.

Faced with ever-growing real estate values and higher property taxes, the California electorate approved Proposition 13 in June 1978, adding Article XIIIA to the State Constitution. The new law put a limit on property valuations and restricted the property tax to 1 percent of a 1975 base-year value. Thereafter, properties can only be reappraised when there is a change in ownership or new construction.

The Board faced many challenges in interpreting certain provisions of Proposition 13 and instructing assessors on the implementation of those interpretations. In November 1978, Proposition 8 modified Article XIIIA further by enabling assessors to recognize a decline in the value of a property. For several years after the passage of Proposition 13, clarifying legislation, court decisions, and other legal interpretations caused the Board to revise many of its property tax rules. In essence, county assessors are required to appraise and maintain records according to a base-year and current market value concept for many properties. Since 1978, many properties have also been excluded by legislation from reappraisal when a change in ownership occurs.

As part of a school finance package, the Legislature

TABLE A

GENERAL PROPERTY TAX: ASSESSED VALUE OF TANGIBLE PROPERTY, TANGIBLE PROPERTY TAX LEVIES, AND AVERAGE TANGIBLE PROPERTY TAX RATES, 1975–76 TO 1985–86

	Assessed Values[a]				*Property Tax levies*[b]		*Average Property Tax Rate (in percent)*		*Property Tax Relief*[c]
Fiscal Year	*Gross (000 omitted)*	*Annual Change As %*	*Net Taxable*[f] *(000 omitted)*	*Annual Change As %*	*Amount (000 omitted)*	*Annual Change As %*	*Nominal*[d]	*Effective*[e]	*Amount (000 omitted)*
1975-76	$84,879,753	11.3	$73,242,825	11.5	$8,304,125	12.5	11.33	2.80	$1,306,206
1976-77	96,104,750	13.2	83,687,264	14.3	9,376,391	12.9	11.20	2.81	1,344,981
1977-78	109,390,134	13.8	96,263,695	15.0	10,276,725	9.6	10.68	2.47	1,425,570
1978-79	119,542,405	9.3	105,547,349	9.6	5,035,896	52.2	4.79	n.a.	786,858
1979-80	135,715,402	13.5	120,766,684	14.4	5,661,081	12.4	4.69	n.a.	988,916
1980-81	147,923,741	9.0	137,570,471	13.9	6,360,276	12.4	4.63	n.a.	1,337,588
1981-82	672,280,561[g]	13.6[g]	628,789,188[g]	14.2[g]	7,185,005	13.0	1.144[g]	n.a.	1,314,372
1982-83	752,571,724	11.9	707,690,851	12.6	8,007,037	11.4	1.131	n.a.	1,347,377
1983-84	814,164,230	8.2	767,806,601	8.5	8,634,771	7.8	1.126	n.a.	1,129,181
1984-85	897,322,118	10.2	848,937,474	10.6	9,437,483	9.3	1.113	n.a.	946,929
1985-86	988,036,052	10.1	938,411,637	10.5	n.a.	n.a.	n.a.	n.a.	n.a.

[a] Includes locally taxable state-assessed property, but excludes the railroad rolling stock of companies other than railroads, which is subject to a state property tax in lieu of local taxes. Gross values include all exempt values for which exemption claims are required (except cemeteries) and the exempt value of business inventories prior to 1980-81 when such property became totally exempt (see footnote); net taxable values exclude these exemptions. For further detail, see Appendix Tables 4-17B.

[b] Excludes ad valorem special assessments through 1977-78, but includes them beginning in 1978-79 following Proposition 13. Property tax relief payments by the state to local governments, sometimes viewed as state payments of property taxes, are also excluded.

[c] Includes state payments to local governments for all reimbursable exemptions, plus senior citizens' property tax assistance and special supplemental subventions. During 1984-85 the state allocated the following amounts to local governments to cover these: homeowners, $331,918,632; renters, $446,097,833; open-space lands, $13,972,332; senior citizens total, $50,116,150 (property tax assistance, $16,879,255, and renters' tax relief, $33,236,895); special supplemental subventions, $99,752,872; and other, $5,071,296. These amounts total $946,929,115. Reimbursements for the exemption of business inventories were eliminated beginning in 1984-85.

[d] Property tax levies divided by assessed values representing varying percentages of market value.

[e] Property tax levies divided by the estimated market value of net taxable properties. Beginning with 1978-79 an effective tax rate can no longer be calculated, since assessed values are not based on market values.

[f] The growth in net taxable valuation was sharply reduced by the homeowners' exemption ($750 of assessed value from 1969-70 to 1972-73 and $1,750 beginning in 1973-74), and the business inventory exemption (15% of assessed value in 1969-70, 30% during 1970-71 to 1972-73, 45% in 1973-74, 50% from 1974-75 to 1979-80; and 100% beginning in 1980-81). For 1985-86, the homeowners' exemption accounted for $29,801,239,000 of assessed value.

[g] The ratio of assessed value to taxable value was changed to 100 percent (from 25 percent) beginning with the lien date of 1981-82. The percent change was computed after factoring the 1980-81 valuations to 100 percent of value.

n.a. Not Available.

enacted Senate Bill 813 in 1983, an omnibus educational reform and school finance bill that accelerated collection of property taxes for real property. Under its provisions, whenever a change in ownership occurs, assessors must prepare a new appraisal, assess the difference between the former and new appraisal, and place the difference on a supplemental roll. New construction, upon completion, is also placed on the supplemental roll. Instead of a one-time annual roll with a March 1 lien date, assessors' tasks now require a continuous assessment year made up of the annual assessment roll and monthly supplemental rolls. These assessments require billings throughout the year.

PROPERTY TAX FUNCTIONS AND PROGRAMS

The Board's Property Taxes Department is composed of three divisions: the Assessment Standards Division, the Valuation Division, and the Timber Tax Division.

The Assessment Standards Division advises and surveys the assessment practices of the 58 county assessors' offices. Four field offices—located in Fresno, Hayward, Orange, and Sacramento—assist in the auditing function.

The Valuation Division provides value indicators for railroads and public utility companies for use by the Board Members in their annual assessment of these companies. This Division administers the Private Railroad Car Tax. Valuation Division field offices are located in Orange and Hayward.

The Timber Tax Division, through field offices in Eureka, Redding, and Sacramento, administers the Timber Yield Tax Law. The Division registers taxpayers in the timber-harvesting industry, collects the timber-harvest taxes, periodically audits taxpayer records, and recommends forest-product values for Board adoption.

ASSESSMENT STANDARDS DIVISION

Technical Assistance to County Assessors

Technical assistance to county assessors provided by the Assessment Standards Division includes general and specific letters of technical advice, special topic surveys, manual revisions and the creation, revision, and amplification of property tax rules. Over 125 assessors' letters (to all 58 county assessors); approximately 1,500 letters to individual taxpayers, state and local officials; and other specific inquiries were answered.

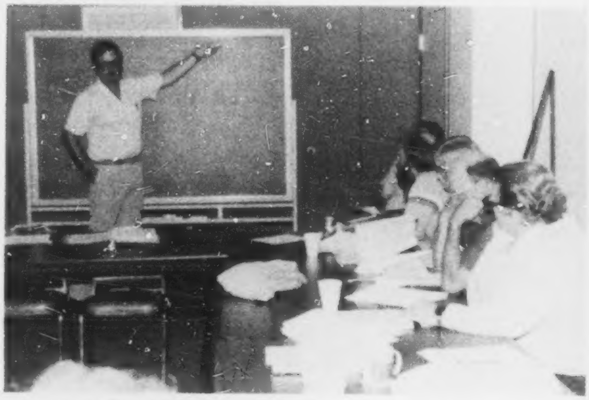
Property Tax Rules 307, 309, and 313 involving the notice of hearing, the scheduling of hearings, and the hearing procedure before county appeals agencies were modified to conform with recent legislation or for greater clarity. The Board adopted the revised rules effective for the fiscal year 1984–85.

In 1980, the Board authorized (under Section 15640 of the Government Code) the publication of special topics surveys of statewide assessment practices. To date, four have been formally published and several more are in various stages of completion. The latter includes surveys of mobilehome assessment, mining property, possessory interests, assessors' audit programs, and assessment appeals boards procedures. During 1984–85, the Assessment Standards Division published a special topic survey on the change of ownership procedures among the 58 counties.

The Board's magnum opus on property taxes assessment and administration is the Assessors' Handbook. The handbook, a compilation of guides on many assessment topics for assessors' staffs, is constantly under revision in order to keep current costs, appraisal concepts, and changes in the law. During the 1984–85 year, besides the perennial residential, commercial, and industrial cost update, the division published Assessors' Handbook Section 021, *Situs of Property;* Assessors' Handbook Section 510F, *Cash Equivalent Analysis;* and published a new chapter, Assessors' Handbook Section 515, *Appraisal of Mobilehomes.*

The Board provides advice to assessors on special subjects, such as the appraisal of mining and petroleum properties, cash equivalent analysis, the appraisal of possessory interests, the enrollment of supplemental roll assessments, and other unique property classification and appraisal problems created by the revival of gold mining, the development of geothermal power, the advent of creative financing, the changes of ownership in unique properties such as possessory interests, the year-round demands of reappraisal triggered by the advent of the supplemental roll, and the general shifting of the economy to new and different property uses.

Principal Property Appraiser Alan Flory reviews an assessment practices survey report of a county assessor's office. The Board surveys the operations of each county assessor every five years to measure the assessor's compliance with state laws, rules, and acceptable appraisal standards.



Robert Reinhard, Associate Property Appraiser, instructs a course in the valuation of new construction presented to Humboldt County appraisers as part of the Board's appraisal training and certification program. Over 1,100 state and county appraisers attended the 13 formal courses presented in 47 sessions during the fiscal year.

Appraiser Certification and Training

To appraise property under the California property tax laws, the 58 California assessors employ a total of approximately 2,500 real and personal property appraisers. Sections 670–673 of the Revenue and Taxation Code require the Board to certify temporarily all newly hired state and county appraisers who meet minimum education or experience requirements. The Board's certification becomes permanent when the newly hired appraisers pass a certification examination dealing with basic appraisal concepts. Permanent certification was granted to 155 new appraisers in 58 counties during the 1984–85 fiscal year. When the appraisers become journeymen, they may seek an advanced appraiser certificate. Advanced certification is granted to appraisers who complete a specified course of study or the Board's advanced appraiser examination. During 1984–85, 109 county appraisers received advanced certificates.

An appraiser retains a valid certificate by successfully completing a required number of training hours each year. The training requirement assures that each appraiser receives the knowledge needed to achieve journeyman status and to remain abreast of changes in appraisal techniques and property tax laws. Appraisers receive the required training by attending courses or workshops provided or approved by the Board. Over 1,100 students attended the 47 sessions of the 13 formal courses presented by the Board's staff during 1984–85. The courses included appraisal fundamentals, cost estimating concepts, the valuation of machinery and equipment, rural property (including those subject to open-space agreements), mines and quarries, industrial property, and possessory interests. Approximately 210 students attended a series of one-day workshops on the supplemental assessment of items classified as fixtures. A series of one-day workshops on the appraisal of new construcon was presented late in the fiscal year.

Associate Property Appraiser Bob Gilbert prepares an analysis of the office operations of a county assessor. In its periodic assessment practices surveys, the Board staff reviews in-office systems and procedures and conducts independent appraisals of sample properties within the county.

Assessment Practices Surveys

Mandated by Government Code, the Board periodically surveys each county assessor's office. The resultant survey report measures the assessor's compliance with state laws, rules, and acceptable appraisal standards. The Board's appraisal staff samples assessment roll values to determine the degree of the assessor's assessment compliance in representative classes of property. Assessment practices surveys are scheduled every five years in each county.

Since the state's general fund must supplement the locally levied tax dollar designated for school expenditures, any newly discovered local property values saves the state money. The Board's assessment practices surveys promote proper valuation methods and assessment procedures so that the state's general fund need not unnecessarily disburse funds that can be locally raised.

The published assessment practices survey is distributed to the Governor, the Senate and Assembly, the Attorney General, and the county assessment appeals board. Other county assessors and interested parties may obtain a copy of the survey upon request. The county assessor is required to file, within one year, a written response with the county board of supervisors detailing the assessor's intentions in implementing the recommendations made in the survey report. The assessor may include his or her response within the published survey itself, an option exercised by most assessors in recent years.

During the 1984–85 fiscal year, a random sampling of assessments was made in Amador, Butte, Calaveras, Kern, Lake, Monterey, Sacramento, San Benito, San Diego, San Mateo, Santa Cruz, Tehama, and Tulare Counties. The data collected in the sampling of assessments in the previous year were used in the publication of assessment practices surveys in Contra Costa, Fresno, Humboldt, Inyo, Marin, Mendocino, San Bernardino, Siskiyou, Solano, Sutter, Yolo, and Yuba Counties.

Legal Entity Ownership Program

Locally assessed real property must be reappraised by the county assessor whenever it undergoes a change in ownership. A change in ownership control occurs each time the number of voting shares, partnership profits and capital, or other ownership interests owned or controlled by one person or one entity surpasses 50 percent of the toal portions issued and outstanding.

Transactions that transfer ownership control of legal entities are not usually recorded as a matter of public record by deeds and other documents which effect a change in ownership of property. Because assessors are not notified about a change in ownership control for legal entities that require reappraisal for assessment purposes, the Board implemented the Legal Entity Ownership Program (LEOP) in 1982 under the authority of AB 2777, Chapter 851, Statutes of 1981 to help county assessors in the discovery of legal entities that have not reported changes in ownership control since March 1, 1975.

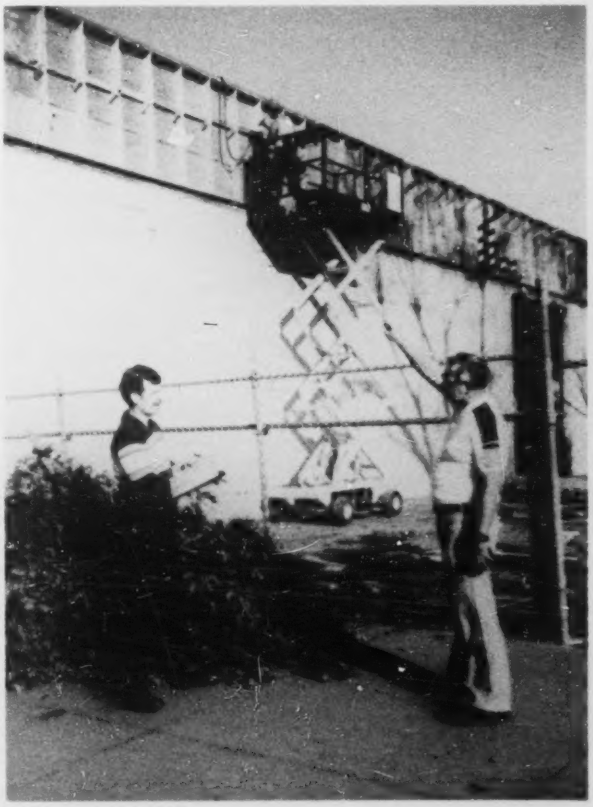
To expedite this program, the Legislature added questions to the corporation and partnership state income tax returns to determine if the entity owned real property in California and if it had experienced a change in control. The name and address of those indicating that a change in control may have occurred are furnished to the Board which mails a followup questionnaire to the entity for verification and to obtain specific details about the transaction. Verified information is mailed to assesors of counties where the entity controls real property so that reappraisal can be completed. This program is especially necessary where one entity has property in more than one county. A single inquiry from the Board can produce information for a number of counties. LEOP is retrospective; the program, implemented in 1982, is used to discover changes in control occurring after March 1, 1975. However, new base-year values determined as a result of the program were not allowed to be enrolled until 1979 for corporations and not until 1981 for partnerships. Although the program is retrospective, no penalties or interest are enrolled as a result of a change in control except for failure to respond timely to the Board's written request for information.

LEOP has significantly increased the number of properties reappraised as a result of changes in control and ownership of legal entities, and has produced a corresponding increase in local tax revenue. The state benefits directly from the program since state subventions from the general fund for local education are proportionately offset by the increase in local tax revenue. During fiscal year 1984–85, the Board mailed 20,155 inquiries to legal entities. Detailed analysis of returned information resulted in the discovery of 247 entities which experienced a change in control, involving 14,714 parcels of real property. Many of these changes in control probably would not have been discovered without the Board's Legal Entity Ownership Program.

Contract Audit Program

Taxpayers who own business property having an aggregate market value of $200,000, or more, located within a single county, must be audited by the assessor once every four years. Many of these taxpayers maintain accounting records out-of-state and may have property in more than one California county. Since it is not cost effective for each county to send staff auditors to distant locations to audit only the portion of the taxpayer's business records affecting that county, several counties have formed audit cooperatives to handle such audits both within California and out-of-state.

The Board offers the counties a similar contract audit program. Since the Board maintains permanently staffed offices in Chicago, New York, and Houston, it can offer substantial savings in travel expenses to the counties. During 1984–85, 17 counties contracted with the Board for mandatory audits. Board staff completed 80 out-of-state and 17 in-state audits in 1983–84.



In the course of an assessment practices survey, Associate Property Appraisers Gene Palmer (left) and Don Ide value an industrial building as one of the sample appraisals which the Board's survey team will prepare for different types of property within the county.

Property Tax Exemptions

The California Constitution specifies that all property in California is taxable unless specifically exempted by federal or state laws. However, federal law, the California Constitution, and various Revenue and Taxation Code sections expressly reserve many property exemptions. Certain restricted assessments and partial exemptions are also legislatively mandated.

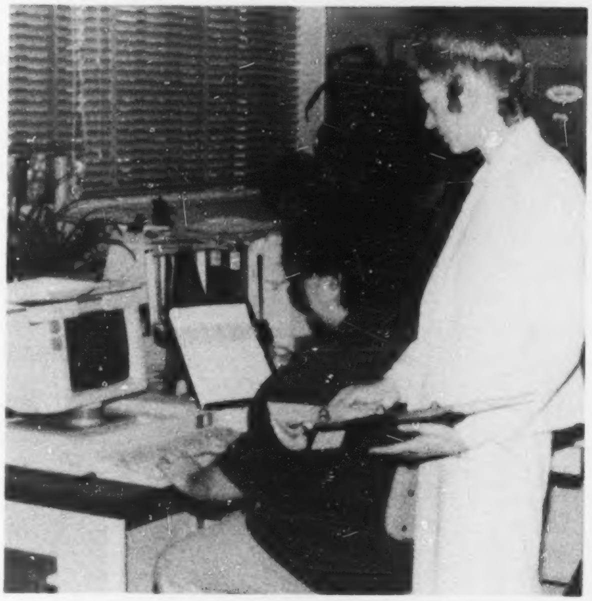
Board staff reviews the accuracy and adequacy of locally administered exemption programs, in some cases, working with county personnel to administer the exemption jointly.

Exemptions are granted for many different categories of property. The State Constitution lists more than 40 exemptions which do not require filing a claim. Other exemptions are initiated only after the taxpayer files an exemption claim form. Among these are the disabled veterans', cemetery, and college exemptions.

Some exemptions are for fixed dollar amounts, such as the homeowners' exemption which exempts $7,000 in assessed value. Others are fixed percentage exemptions, such as the 4 percent limit on the assessment of certain documented commercial fishing vessels. In some cases, such as newly planted orchards and vineyards, there is a total exemption for a limited number of years, after which the property is fully taxable. Exemptions are granted for personal property as well as for real property.

Certain properties not covered by Article XIIIA limitations are subject to other constitutional provisions that effectively restrict their taxable value. These special restrictions amount to partial exemptions from taxation. Properties in this category include timberlands, agricultural preserve (Williamson Act) lands, and restricted historical properties.

Assistant Property Appraiser Colleen Dottarar and Staff Services Analyst Bill Minor review one of the 8,600 welfare exemption claims filed during 1984-85. Welfare property tax exemptions are granted to qualifying property owned by certain nonprofit organizations.



Administrative Assistant Vi Sawyer (standing) and Word Processing Supervisor Linda Lack test new equipment on which the Property Taxes Department will prepare Assessor's Handbook updates and assessment practices survey reports.

A welfare exemption is granted to qualifying property owned by certain nonprofit organizations. Unlike other property tax exemptions, which are processed exclusively at the local level, this exemption is co-administered by the counties and the Board. Each claimant must file annually for the welfare exemption. The Board reviews each claim and directs that the counties either grant or deny the exemption. During 1984–85, the Board's staff reviewed 8,601 welfare claims involving 14,000 properties, of which 13,000 were found to qualify for the welfare exemption.

Although exemptions are created by state legislation, financial impact is felt initially at the local level through reduced revenue. To offset some of the revenue loss associated with restricted assessments and exemptions, the state reimburses local governments for open-space (Williamson Act) assessments and homeowners' exemptions through the subvention process. (See Statistical Appendix table 8 for more information on property tax exemptions.)

Despite the various property tax exemptions and the restrictions in assessment imposed by Proposition 13, the size of local property tax rolls has continued to grow. Although many local properties are assessed at their 1975 base-year value, new construction and changes in ownership have caused substantial annual increases in the size of local rolls. The total of 1985–86 county rolls is 107.6 percent greater than that for 1978–79, the first year after the passage of Proposition 13.

VALUATION DIVISION

State-Assessed Properties

Article XIII, Section 19 of the State Constitution directs the Board of Equalization to assess annually the following classes or property:

(1) pipelines, flumes, canals, ditches, and aqueducts lying within two or more counties;

(2) property, except franchises, owned or used by regulated railway, telegraph or telephone companies, or railroad car companies whose cars are used on railways within the state;

(3) property owned by companies transmitting or selling gas or electricity within the state.

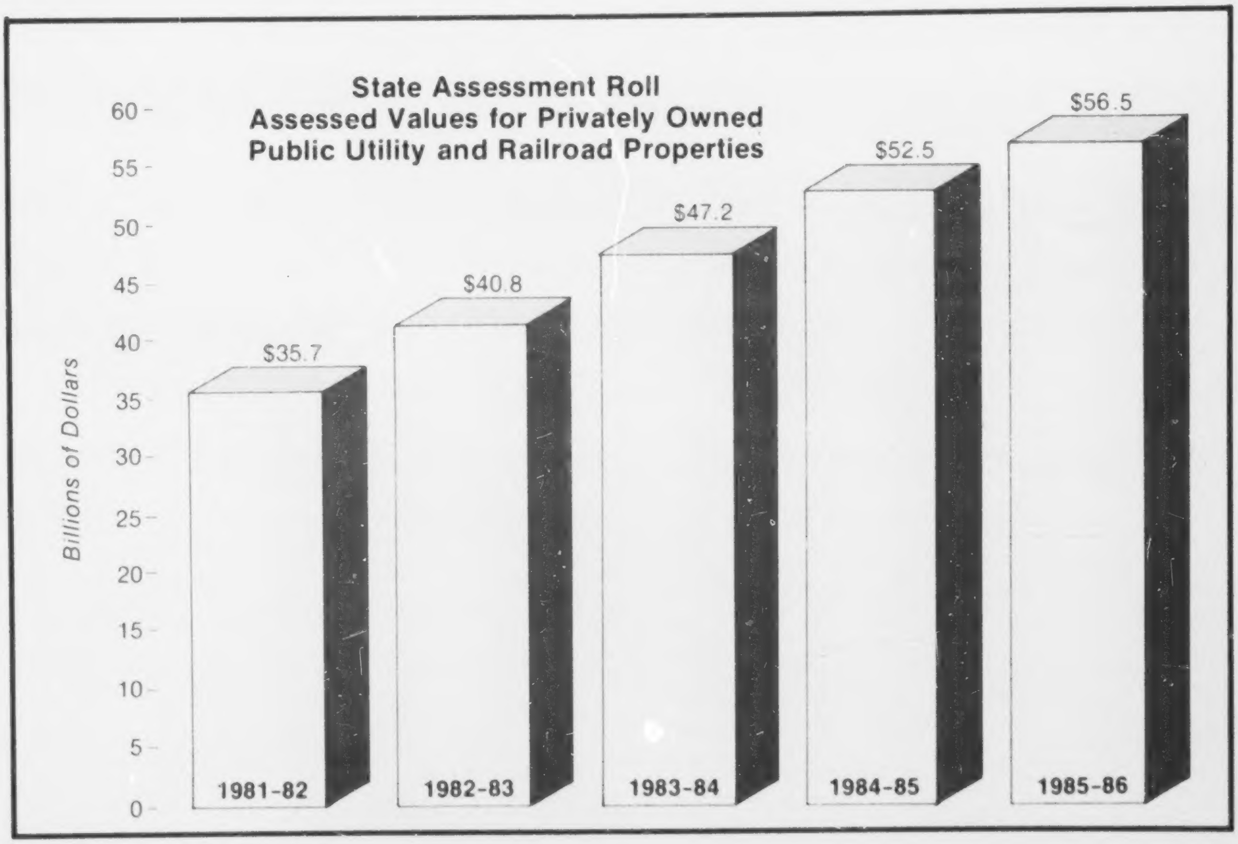
The Valuation Division is responsible for preparing the property tax assessments in these three classes of property. The property tax assessments culminate in the Board of Equalization state-assessed property tax roll. Since the Board began assessing utility properties in 1935, the assessment roll has grown from a total market value of $890 million to approximately $56.5 billion in 1985.

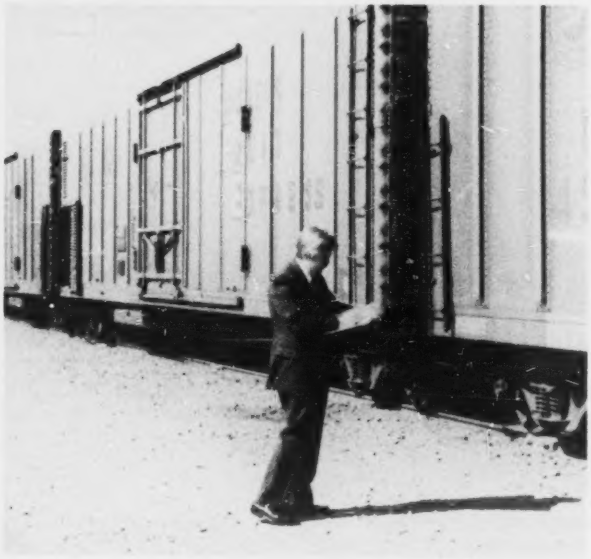
Property values on the state assessment roll are allocated to the counties where the property is physically situated. Revenue derived from the assessments is collected and disbursed at the local level the same as locally assessed property. The Board's 1984–85 utility assessments generated $574 million in tax revenue for local governments.

Each of the 58 counties receives the Board roll of state-assessed property every August and adds its portion to the local property tax rolls. Tax rates are set and the county tax collectors then issue tax bills to the state assessees, which are taxed at the same rate as locally-assessed secured property. Tax revenues are allocated to the cities, counties, school districts, and special districts. The state benefits through the reduction of subventions paid to schools.

State-assessed property is classified as unitary or nonunitary. Unitary property is used by an assessee in its primary business operation. Nonunitary property is not used or needed by the assessee for its primary operation. Also classified as nonunitary is property used in a company's primary business but not owned by the assessee. Nonunitary properties owned by some of the utility companies can have various uses such as grazing, farming, commercial, and industrial usage.

Valuation Division appraisal staff reviews the values of land of all state-assessed properties in the 58





Principal Property Appraiser Gene DuPaul verifies the sale of railroad cars by Union Pacific. Using value indicators prepared by the staff, the Board Members annually set market values of privately owned public utility and railroad properties. These values are allocated to the counties for local property taxation.

counties on a triennial cycle. Staff appraisers revalue both unitary and nonunitary lands at current market value. The land values of unitary property are one of the factors used to allocate the final unitary value of a company to the various taxing jurisdictions in which the company has property.

The staff compiles value indicators on each state assessee and recommends values. After considering all related facts, the Board sets the final value. Any assessee not in agreement may appeal the assessment directly to the Board. During 1984–85, the Board received 54 petitions for reassessment from assessees. Because the appeals can be heard long after the Board roll has been adopted, adjustments are reflected in the following year's roll.

The Valuation Division's unitary appraisal workload was substantially increased with the divestiture of Pacific Bell from AT&T and the deregulation of the telephone industry. A sizable amount of property was transferred between the two companies and corporate reorganization resulted in the creation of more than a dozen subsidiaries of AT&T and Pacific Telesis (parent company of Pacific Bell). The Board assesses the property of several of these companies, and the remainder are locally assessed. The divestiture permitted independent carriers to provide long-distance telephone service to telephone users. Deregulation led to 20 new long-distance carrier assessments in 1984, and nearly 40 more are to be added in 1985.

Cellular telephone service began operation in California in mid-1984. This new technological advance makes possible mobile telephone systems which are far superior to existing single-transmitter radiotelephone service. Each cellular company's geographic service area is divided into five-to-ten-mile grid networks and each cell within the grid network has its own low-powered transmitter. The transmitters are connected by a central computer to transmitters in adjoining cells and to the regular telephone network. As the user moves from one network area to another, the computer automatically switches the call (connection) from cell to cell (transmitter to transmitter) without interruption.

The first cellular company started business in Los Angeles last June to provide mobile telephone services during the 1984 Olympics. The Federal Communications Commission is in the process of granting cellular licenses to at least two competing companies in virtually every metropolitan area in the nation. The Board enrolled four companies for the 1985 roll and anticipates enrolling an additional eight-to-twelve new cellular telephone companies in 1986.

State assessees are challenging the Board's values and methods in several court cases. In 1985, the Sacramento County superior court upheld the Board's assessment of Southern Pacific Railroad's unitary property for the years 1975 through 1978. The decision is under appeal. In a related case, the Santa Fe Railroad was joined by the Union Pacific and Burlington Northern in challenging the Board's methodology in arriving at market value for state-assessed railroad properties. Briefs were submitted in May 1985, and final arguments scheduled for July, with a decision expected to be rendered in late 1985.

On January 30, 1985, the State Supreme Court overruled an appellate court decision that had directed the board to implement the provisions of Proposition 13 on state-assessed property. This ruling upheld a lower court decision on June 14, 1978 that the Board was correct in ruling that state-assessed property was not limited by Proposition 13 and, therefore, should be enrolled at current market value. This decision involved *ITT World Communication, Inc. v. City and County of San Francisco and State Board of Equalization,* (37 Cal.3rd 859). (See Litigation section, page 68.)

Still pending is federal litigation based on the Federal Railroad Revitalization and Regulatory Reform Act (4R Act). The Ninth Circuit Court of Appeals ruled in 1983 that the 4R Act requires railroad property to be taxed at the same rate as commercial and industrial property. However, with the resolution of the ITT World Communication's case and the Santa Fe's challenge in superior court, it is expected that the federal court will again turn to the 4R Act issues. Ultimate resolution of these decisions may have a significant impact on the appraisal methodology employed by the Board staff and the level of assessments of rail transportation properties. (See Statistical Appendix tables 12A and 12B for assessed values of individual utility companies.)

Private Railroad Car Tax

The tax on privately owned railroad cars is the only property tax that is directly levied, collected, and retained by the state. The railroad cars are owned by manufacturing companies that haul their own products, and by companies that lease cars to other shippers or provide a fleet of cars for a fee. The tax is based on the market value of the cars, the length of time they remain in the state, and the average property tax rate levied on all property in the state for the preceding year. Cars owned by the railroads are not subject to the private car tax since they are subject to the general property tax and are assessed in the unitary value of the railroads. For 1984–85, the taxes levied on private railroad cars totaled $5,750,615; of this amount $1,537,349 is being withheld pending the resolution of litigation between the Board and railroad car companies on the proper assessment levee (4R Act).

In 1984, 41 companies filed petitions for reassessment of their private railroad car tax, an increase of 12 from the previous year. Sixteen of the petitions were withdrawn. Relief totaling $16,081,009 of assessed value (approximately $179,303 in taxes) was granted by the Board for 18 of the 25 petitions heard; one assessment was increased $24,684 and six petitions were denied because the assessees failed to prove overassessment. The superior court ruled in favor of the Board in cases brought by Trailer Train Corporation for the years 1977 through 1980. The court sustained the Board's appraisal methodology and found no merit in the assessee's other arguments.

Tax-Rate Area Mapping Program

There are more than 7,000 taxing jurisdictions, generally termed revenue districts, authorized to collect a property tax in California from taxable property located within their boundaries. Counties, cities, and school districts are the principal agencies within this structure in terms of revenue received. However, the vast number of districts is derived primarily from thousands of overlapping special districts collectively providing a diversity of local services, such as water treatment, fire fighting, irrigation, lighting, flood control, mosquito abatement, or port maintenance. To assure proper identification of taxable property to each of these jurisdictions and the proper allocation of property tax revenue, the Board has developed and maintained an intricate system of tax maps.

Boundaries of these jurisdictions overlap in every conceivable manner, forming clusters of properties served by common revenue districts with each having a common tax rate. A coding system overlays this complex geographical configuration. A six-digit tax-rate area code identifies every area in which there is a unique combination of overlapping revenue districts. As of the March 1, 1985 lien date, there were 43,415 tax-rate areas, an increase of 5.4 percent over the 1984 lien date.

Whenever a revenue district is created or territory is annexed to or detached from an existing district, maps, legal descriptions, and other information must be filed with the Board. Board delineators then plot the new boundaries on a statewide map system and assign the appropriate tax-rate area code(s). Prints of the revised maps are distributed to the affected state assessees and the county assessors. During fiscal year 1984–85, the Board's staff processed 2,035 jurisdictional changes.

State assessees must report their property to the Board arranged in tax-rate area sequence. Locally assessed properties are similarly identified. Because both the Board roll and the local roll follow the same coding system, the county auditor's job of allocating property tax revenues is greatly simplified.

The maps the Board maintains are used to certify to the federal government the boundaries of California's cities and newly incorporated municipalities. The Board's Executive Secretary is the state official

Senior Property Appraiser Jim Powell inspects a former Union Pacific Railroad repair facility to verify the site's closure.

responsible for the certification of municipal boundary changes. This information is required to maintain accurate census records and direct the proper distribution of federal revenue sharing funds. The Board's tax-rate areas maps comprise the only statewide mapping system of local government jurisdictions.

Auditing Financial Records of Utility Companies

The accuracy of income and expense data, asset and liability accounts, and reserve accounts information submitted by state-assessed taxpayers is verified through the Board's audit program. A four-year audit schedule has been established to include all state assessees within the statute of limitations. Since its inception in 1977, the program has discovered escape assessments of approximately $1.57 billion, generating $18.9 million in additional local tax revenues to date. Since these properties have enduring value, the escape assessments, for the most part, will continue to produce additional revenue in future years as a result of these discoveries. During 1984–85, the Board approved $217 million in escape assessments which generated $2.4 million in property tax revenues.

TIMBER TAX DIVISION

Timber Yield Tax Program

Administration of a statewide Timber Yield Tax was delegated to the Board with passage of the Forest Taxation Reform Act in 1976. Effective April 1, 1977, the Timber Yield Tax replaced an annual ad valorem property tax on standing timber. Under the annual ad valorem system which had a 40-year exemption on young growth, timber owners often found it expedient to cut and sell their timber before it was fully mature. Hoping to conserve and promote better management of California's dwindling timber supply, voters approved Proposition 8 in 1974. Proposition 8 instructed the Legislature to develop an alternate method of taxation which became the Forest Taxation Reform Act. Under the law enacted to implement the reform act, standing timber is no longer included in the market value of a property for ad valorem tax purposes. Timber is now taxed one time only—when it is harvested. The intent of the Timber Tax Law was not to alter the amount of tax collected but to eliminate disadvantages associated with growing forest products under the ad valorem tax system.

Senior Forest Property Auditor-Appraiser Max Frizzell measures the stumpage of a timber harvest falsely reported by the timber owner as "young growth." Timber taxes are based on the market value of timber at the time of harvest. The Board conducts a timber tax compliance program to ensure the accurate reporting of harvest values.

The market value of standing timber at the time of harvest forms the basis for the amount of timber tax due. Actual taxable value of a timber harvest is determined from value schedules published by the Timber Tax Division, after those values are adopted by the Board, and updated semiannually. These schedules establish the harvest value for each species of standing timber. Basis for harvest value is the actual market value of a tree as it stands in the forest "on the stump." Stumpage value is determined by staff from an analysis of open-market timber and log sales in conjunction with on-site sale examinations.

Preliminary harvest values developed by the staff are first reviewed by the Timber Advisory Committee, which was established by the Forest Taxation Reform Act. After consultation with the Timber Advisory Committee, the Board adopts the harvest value schedules no later than June 30 and December 31 each year. These harvest value schedules recognize distinct geographic market areas within the state. Registered timber owners are required to use the schedules to compute the value of their harvested timber and the resultant amount of tax payable to the Board.

The Timber Advisory Committee includes a member of the State Board of Equalization, presently the Honorable William M. Bennett, the First Equalization District Member, as Chairman; a representative of the Board of Forestry; the assessors from Del Norte, Humboldt, Mendocino, Siskiyou, and Tehama Counties; and one representative each for large-scale and small-scale timber owners.

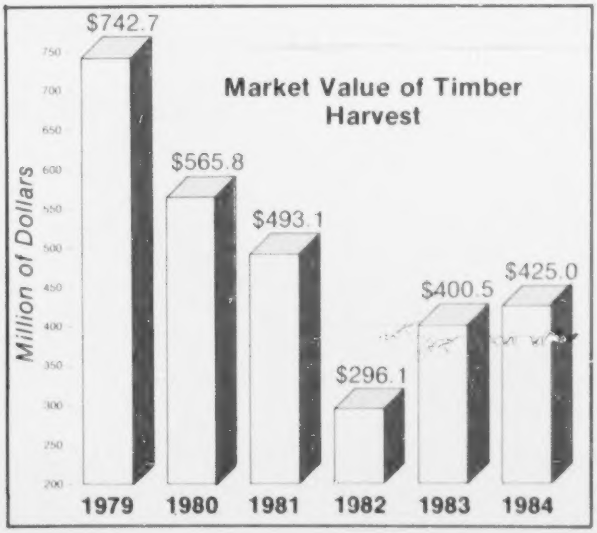
Timber cut into logs destined for lumber usage is recorded by volume and harvest value. Below are the volume and harvest value of timber harvested annually for the past six years:

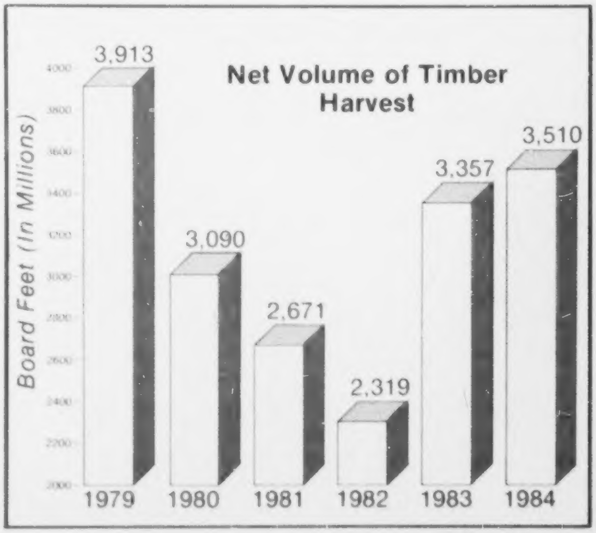
Pursuant to existing law, the Board reviews and adopts the yield tax rate each December. The new rate is then applied during the following calendar year. The tax rate is the previous year's rate adjusted to the nearest 0.1 percent in the same proportion as the change in the average general property tax rate in counties specified in the Timber Yield Tax Law (those counties with significant timber lands). The 1985 overall rate of 2.9 percent remained unchanged since January 1, 1983.

The Timber Yield Tax Law provides for a self-assessment system. The Board solicits voluntary cooperation from timber owners and provides assistance through Timber Tax Division offices located in Eureka, Redding, and Sacramento. To facilitate tax collection the Timber Tax Division registers timber owners, provides tax returns, collects harvest reports, processes tax payments and returns, conducts verification audits, and reviews harvest operations for tax compliance purposes. The division also formulates proposed rules for approval by the Board.

About 1,800 active timber owners are currently registered with the Board. New registration and offsetting account closeouts average about 40 per month. Verification and compliance activities resulted in the processing of approximately 400 additional deficiency billings in 1984–85.

The Board is responsible for collecting and disbursing yield tax funds and for establishing harvest values and the yield-tax rate. Revenue generated from the yield tax is received every three months based on quarterly returns filed by timber owners. Total tax collected on timber harvested during fiscal year 1984–85 amounted to $12.8 million on a total timber harvest value of $425 million.





Yield tax revenue belongs to the California's counties where the timber harvest occurred. The money is distributed through the State Controller to the appropriate counties after state costs of administering the program are offset.

California land designated for growing timber are identified as Timberland Production Zones (TPZ). The zoning qualifies the land for restricted county assessment and valuation procedures as prescribed by law. Approximately 5.6 million acres of land designated Timberland Production Zone are assessed by county assessors. In valuing timberland, the assessor must first designate the site class of the land and then apply the prescribed site value. Land value by the site class is listed in a Board-derived valuation schedule. Timberland site value is adjusted annually by the Board using a ratio between two overlapping sets of five-year timber harvest values. The declining ratio from 1984 to 1985 reflects a 3.3 percent decrease in land value for the forthcoming roll.

PROPERTY TAXES LEGISLATION

From July 1984 through June 1985, the Legislature enacted a number of bills that modified, clarified, extended, repealed or superseded earlier legislation. Some of the new legislation directly affects the functions of the county assessors and the Board. These are summarized by bill number, chapter number, and the effective date of the bill, as follows:

Technical Revisions to Supplemental Property Tax Law

Effective September 10, 1984, this bill makes various technical and clarifying changes to the supplemental property tax law, including revision of the date new construction is deemed completed and extends supplemental assessments to fixtures.

Assembly Bill 2345, Chapter 946, Statutes of 1984: Amends multiple sections of the Revenue and Taxation Code.

Under the provisions of Proposition 13, locally assessed property is appraised at full market value only when it is new construction or undergoes a change in ownership. The Board publishes a voluminous Assessor's Handbook to guide county assessors in their appraisal of residential, commercial, industrial, geological, agricultural, and other properties.

Property Transferred to Ownership of a Disabled Child is Not Subject to Reappraisal

Effective January 1, 1985, this bill excludes from the definition of "change in ownership" the transfer of an eligible dwelling unit to certain surviving disabled children who meet specified income limits. Such transfers, therefore, are not subject to reappraisal of the property to current market value. The provisions of this bill apply to the base-year value for the 1984–85 fiscal year and thereafter for transfers occurring on or after March 1, 1975.

Assembly Bill 2890, Chapter 1010, Statutes of 1984: Amends Section 62 of the Revenue and Taxation Code.

Requires Preliminary Change in Ownership Reports

Effective January 1, 1985, this bill requires a specified preliminary change in ownership report or, as an alternative, permits an additional $20 fee when documents evidencing a change in ownership are presented to the county recorder for recordation. Applies to changes in ownership occurring between July 1, 1985 and January 1, 1991.

Assembly Bill 3132, Chapter 1237, Statutes of 1984: Adds and repeals Sections 480.3 and 480.4 of the Revenue and Taxation Code.

Computation Period for Annual Cost-of-Living Adjustment Defined

For the purpose of annually adjusting the taxable value of real property, this bill defines "percentage change in the cost of living" as the percentage from December of the preceding fiscal year to December of the current fiscal year in the California Consumer Price Index. This bill applies to assessment years commencing after January 1, 1985.

Assembly Bill 3741, Chapter 1164, Statutes of 1984: Amends Sections 51, 75.18, and 110.1 of the Revenue and Taxation Code.

Exception Proposed to Property Tax Rate Limit

This resolution, if adopted by the voters on the June 1986 ballot, provides an exception to the property tax rate limitation for interest and redemption charges on bonded indebtedness for the acquisition and improvement of real property approved by two-thirds vote on or after July 1, 1978.

Assembly Constitutional Amendment 55, Resolution Chapter 142, September 7, 1984: Amends Subdivision (b) of Section 1 of Article XIIIA of the California Constitution.

Office Assistant Tina Haeussler reviews county appraisal staff training records with an assessor.

Tax Auditor Carl Vandrie prepares his findings from a verification audit of a timber company's reported harvest values.

Program Technician Andy Anderson records a corporate change in ownership which will trigger a reappraisal of the property.

Stenographer Paula Montez retrieves county assessment data from microfiche for use by the Board's assessment practices survey teams.

Disabled Veterans' Exemption Increased to $100,000

Effective January 1, 1985, this bill increases, for the 1985–86 through 1990–91 fiscal years, the disabled veterans' exemption to $100,000 for a veteran who is totally disabled and for the veteran's unmarried surviving spouse.

Senate Bill 1425, Chapter 1332, Statutes of 1984: Amends Section 205.5 of the Revenue and Taxation Code.

County Assessment Appeals Boards May Be Expanded to Five Members

Effective January 1, 1985, this bill authorizes the county board of supervisors to create five-member assessment appeals boards performing the same functions as three-member panels.

Senate Bill 1786, Chapter 568, Statutes of 1984: Amends Section 1622.1 of the Revenue and Taxation Code.

Welfare Exemption Extended for Certain Elderly or Handicapped Housing

Effective January 1, 1985, this bill extends the welfare exemption for certain elderly or handicapped housing to property financed through private sources, but limits the exemption to those portions of the property which satisfy the specified income limits.

Senate Bill 2109, Chapter 1102, Statutes of 1984: Amends Section 214 of the Revenue and Taxation Code.

Supervising Tax Auditor Earle Gutman computes audit recovery statistics used to gauge the effectiveness of the Timber Tax Division's audit program.

Mobilehome Park Acquisitions Excluded From Change in Ownership

Effective January 1, 1985, this bill provided that any transfer of a mobilehome park to a nonprofit corporation or other specified entity formed by the tenants of the park for the purpose of purchasing it is not defined as a change in ownership requiring reappraisal. These provisions are repealed on January 1, 1989.

Senate Bill 2240, Chapter 1692, Statutes of 1984: Adds Section 62.1 to the Revenue and Taxation Code.

County Supervisors May Serve on Appeals Boards

Effective July 18, 1984, this bill permits up to two members of a county board of supervisors to serve on an assessment appeals board.

Senate Bill 2324, Chapter 567, Statutes of 1984: Adds Section 1622.2 to the Revenue and Taxation Code.

Fire Sprinkler Systems are Excluded from the Definition of New Construction

This resolution permits the Legislature to exclude from the term newly constructed, a fire sprinkler system, other fire extinguishing system, fire detection system, or fire-related egress improvement constructed or installed after the measure was adoted by the voters November 6, 1984.

Senate Constitutional Amendment 58, Resolution Chapter 56, June 22, 1984: Amends subdivision (c) of Section 2 of Article XIIIA of the California Constitution.

Office Assistant Darlene Fingar maintains welfare exemption claim files. Over 13,000 properties owned by nonprofit organizations qualified for this property tax exemption during 1984–85.

VI. ECONOMIC ANALYSIS

The National Scene

Economic expansion proceeded at a subdued rate during 1984–85 after making remarkable strides in the preceding fiscal year. The gross national product (GNP) adjusted for inflation, grew at an average rate of 4.2 percent during the fiscal year compared to 6.7 percent during 1983–84. GNP is the most comprehensive national measure of the total value of goods and services produced for domestic and foreign consumption.

The rapid pace of economic growth which began in the spring of 1983 dropped sharply in the first quarter of fiscal 1984–85 when GNP advanced at a seasonally-adjusted annual rate of only 1.6 percent. Growth was the smallest since the fourth quarter of 1982 when the economy was emerging from the 1981–82 recession. The rate in the holiday quarter, however, increased to 4.3 percent, as strong Christmas sales pushed the pace forward. During the first quarter of 1985, however, GNP was virtually at a standstill, inching ahead at an annual rate of merely 0.3 percent. That small increase was even less than in the fourth quarter of 1982, when 0.5 percent was recorded. However, in the spring quarter GNP rose 1.9 percent and in the summer it increased 2.8 percent. The high level of imports played a part in depressing the GNP. The strength of the dollar made imports attractive for U.S. consumers and exports less appealing to foreign customers. While imports of goods and services (excluding military) totaled $440.1 billion for the fiscal year, exports amounted to only $361.5 billion, leaving a trade deficit of $78.6 billion. In the final quarter of the fiscal year, however, the trade deficit deepened to an annual rate of $93.4 billion.

Despite the gradual rising level of economic activity, the federal debt expanded by the largest amount in the nation's history, to more than $200 billion during the fiscal year, pushing the aggregate debt to an astronomical level. Some economists believe that large federal budget deficits are the cause of the past year's sluggish economic growth. They argue that the government's borrowing crowds out other borrowers and drives interest rates higher, thereby increasing the value of the dollar, making imports cheaper, and curbing growth at home. Without a significant turnaround in the deficit problem, economists say, only robust consumer spending can fuel continued growth. While consumer spending picked up in the first six months of 1985, analysts note that personal income and savings did not keep pace and consumer debt rose to an all-time high in relationship to personal income.

Nationally, the short-term installment credit of consumers topped $500 billion in June (seasonally-adjusted annual rate) setting an all-time record 20.4 percent higher than a year earlier. The ratio of short-term credit to personal income (15.78 percent) also hit a historical high level. The magnitude of this debt and its demands on personal income have given concern to analysts who believe that consumers have obligated too much of their income to pay such debts.

A Federal Reserve Board study in the spring of 1985 presented a number of reasons why the high volume of short-term installment debt may not be excessive in the light of current economic trends. It points out two factors that may be exaggerating the actual growth in consumer credit. In the first place, credit is increasingly being used for "convenience" purposes. Many customers use credit cards as a convenient alternative to cash or checks rather than as a means for borrowing. However, both borrowing and convenience use are counted in the aggregate consumer credit numbers. Secondly, some consumer loans extend payments over a longer period of time. Thus, the volume of debt is growing faster than it would if the maturity period were shorter.

A number of other factors influence the growth in short-term consumer debt (loans which usually mature in three to four years). Promotional activities of savings and loan associations have substantially increased their share of consumer loans. Equity in housing is being used by some homeowners to secure a line of short-term credit. Adjustable-rate financing may also influence the growth of this type of debt. Demographic factors also contribute to the expansion of such debts. The "baby-boom" generation has reached the age of family formation characterized by high spending and borrowing. Consumers who have money tied up in Individual Retirement Accounts feel more secure in assuming additional debt. Finally, high-income families well able to repay loans are taking on much of the new debt.

President Ronald Reagan's landslide victory over Senator Walter Mondale in November 1984 secured a second term for the Republican administration. Riding on his popularity, the President presented a tax plan in the spring of 1985 that called for simplification of the Internal Revenue Service Code, rules, and regulations. Overall, the plan would reduce federal income taxes by an estimated 5 percent. The proposal would reduce taxes for most Americans, but about 20 percent would face tax increases. For the most part, the richest and poorest families would benefit from the largest tax breaks while middle-class taxpayers would get smaller reductions. Large families, in general, would find the plan advantageous because it doubles the personal exemption. Very wealthy people who do not shelter their income would also get sizeable tax cuts. However, middle-income families which have no dependents and live in states levying high state and local taxes would be more likely to pay higher taxes.

While Americans, on the average, could expect to pay 5 percent less, Californians would in all probability end up paying more than they currently do. A controversial feature of both this plan and the original simplification proposal introduced in the fall of 1984 by the Treasury Department is that neither would allow state and local taxes to be deductible on federal income tax returns. The impact in California would be more severe than in other states because the price of a home in California is higher than in other states and consequently, Californians, in general, pay more in property taxes than most Americans do.

Several other aspects of the simplification plan may be noted. It would reduce the current 14 different tax brackets to three—15, 25, and 35 percent. The highest tax bracket now is 50 percent. The personal exemption and the standard deduction would be increased in recognition of the fact that their value has been eroded over the years by inflation. The tax burden on corporations would be significantly increased under the proposal; however, small businesses and new businesses would get special tax treatment.

California Highlights

In California, the 1984–85 fiscal year will be remembered for several salient features. The Los Angeles Summer Olympics were a success even though the Russians boycotted them. Supported entirely by gate receipts and private and corporate donations with no reliance on governmental revenues, they set a new standard for financing such sporting events. This is in sharp contrast to the 1960 Winter Olympics at Squaw Valley for which the state borrowed more than $300 million and took more than a dozen years to pay off the bonded indebtedness.

A paramount issue during the year was the initiative approved by the voters to legalize a state-operated lottery. At the same time the voters rejected an initiative designed to provide property tax relief. Both of these measures are described in more detail in other sections of this chapter.

The reported success of a tax amnesty program in Massachusets prompted legislation calling for the Board of Equalization to join with the Franchise Tax Board in offering amnesty to those who had avoided or evaded their financial obligations to the State of California. This program, described in detail in the

TABLE B
COMPARISON OF REVENUES
1983–84 and 1984–85
(In thousands of dollars)

Revenue Source	1983–84	1984–85	Percent Change
Sales and Use Taxes			
State tax (4¾%)	$8,797,924	$9,797,612	11.4
City and county sales tax (1%)	1,836,018	2,045,988	11.4
County transportation tax (¼ of 1%)	459,621	511,905	11.4
Transit district taxes (½ of 1%)			
San Francisco Bay Area[1]	98,421	112,547	14.4
Santa Clara County	64,933	72,805	12.1
Santa Cruz County	6,667	7,298	9.5
Los Angeles County Transportation Commission	271,298	289,892	6.9
San Mateo County	24,156	27,029	11.9
Santa Clara County Traffic Authority	–	9,678	–
Other taxes and fees	498	501	0.6
TOTALS	$11,559,536	$12,875,255	11.4
Fuel taxes and fees			
Gasoline and jet fuel	1,028,754	1,055,748	2.6
Diesel and other use fuel	125,737	131,244	4.4
TOTALS	$1,154,491	$1,186,992	2.8
Alcoholic beverage taxes	137,433	135,787	−1.2
Cigarette tax	263,231	262,870	−0.1
Electrical energy surcharge	32,131	34,432	7.2
Emergency telephone users surcharge	25,356	30,190	19.1
Universal telephone service tax	–	57,637	–
Hazardous waste control tax	11,007	13,030	18.4
Hazardous substance tax	10,247	11,761	14.8
Local taxes on state assessed properties[2]	530,042	564,265	6.5
Timber yield tax	13,219	13,131	−0.7
Timber reserve fund tax	24	–	–
Private railroad car tax	576	3,377	486.3
GRAND TOTALS	$13,737,293	$15,188,727	10.6

[1] Metropolitan Transportation Commission revenues have been included on this line. Interest is accrued on MTC monies until they are allocated. Interest amounted to $207,039 in 1983–84 and $426,477 in 1984–85. Additional details are given in Appendix Table 22, footnote m.

[2] Collected by county tax collectors.

Business Taxes Chapter, brought in tens of millions of dollars.

Finally, a legislative proposal to eliminate the unitary method of apportioning business income for the bank and corporation tax was defeated. The unitary method is based on a three-part formula which utilizes the worldwide earnings of a multinational corporation and computes its tax based on the proportion of the company's payroll, sales, and property in the state compared to its nationwide or worldwide operations. The method was originally adopted to prevent companies from moving income to states or countries with lower taxes. This method was upheld by the U.S. Supreme Court in 1983. A year later, however, the Treasury Department called on the eleven states levying this treatment to eliminate it. Revenue from this source is so significant to the states which levy it that they will not relinquish it without a struggle. Representatives of foreign companies pressured the Legislature to repeal the measure but lobbyists for domestic companies prevailed, so the measure remains unchanged.

One of the most controversial and far-reaching measures on the ballot last November was Proposition 36. This initiative known as "Jarvis IV" was touted as a measure to "Save 13," the landmark property tax relief measure approved by the voters in 1978. Nearly a million registered voters signed the petition that qualified this measure for the ballot and even though it failed to gain a majority it attracted 45.3 percent of all votes cast in the election.

The measure was long and complicated but several of its major features were as follows:

1. The maximum amount of any ad valorem or other tax on real property could not exceed one percent of full cash value, except for taxes levied to service indebtedness approved by the voters prior to July 1, 1978. This would have invalidated a number of non-ad valorem taxes levied since the passage of Proposition 13.

2. Indebtedness for which taxes above the one percent limitation could be levied would be restricted to *bonded* indebtedness. Retirement fund obligations were specifically excluded from indebtedness.

3. It would roll back the 2 percent inflationary adjustments that were made for the 1978–79 rolls on properties with 1975, 1976, and 1977 base years and require refunds for all affected properties. The potential refunds were estimated to be worth $1.7 billion.

4. Intrafamily transfers would not constitute changes in ownership for purposes of triggering a reassessment at market value.

5. Increases in all taxes and fees would be subject to a number of limitations.

A major criticism of the measure which damaged its prospects related to its unfairness in providing tax relief for owners of property where there had been no change of ownership or new construction since 1975.

Employment and Income

California's civilian labor force rose by 144,000 during the 1984–85 fiscal year to total 12,716,000, amounting to 48.7 percent of the state's population. The number engaged in civilian employment increased by 115,000 to 11,720,000. Despite the gains in employment, nearly a million who are considered part of the state's labor force were unemployed in June. The state's unemployment rate during the fiscal year averaged 7.4 percent, slightly higher than the national average of 7.3 percent. Each rate was a full percentage point less than it had been in the preceding fiscal year.

During the year the largest increase in employment was made by the service industries, up 103,800 workers (+4.1 percent). With 2,641,700 employees in June 1985, they accounted for more employment than any other sector. Manufacturing, which ranked second with 2,054,000 workers, added merely 1,000 during the fiscal year. The numerical increase of 94,800 (+5.1 percent) engaged in retail trade raised its total to 1,957,400. Governmental employees ranked fourth in the total number (1,777,500) and this sector experienced a decrease of 1,400 during the year.

Personal income of Californians for the fiscal year was approximately $386 billion, 9.4 percent more than the amount for 1983–84. In June, as the fiscal year closed, however, personal income was running at a seasonally-adjusted annual rate of $398 billion. Personal income includes wages, salaries, rent receipts, stock dividends and interest, minus Social Security contributions. Refunds of 1984 income taxes bolstered personal income during the first six months of calendar 1985 by more than $10 billion. The Internal Revenue Service refunded approximately $8,370,000,000 to 8,336,500 Californians. The Franchise Tax Board refunded $1.8 billion to 6,894,000 residents and also granted renters' credits of $580.8 million.

Voters Approve State Lottery

Californians for years rejected proposals to legalize gambling. In November 1984, however, California and four other states approved lotteries which are now legal in 22 states and the District of Columbia. The lottery initiative, which was approved by 58 percent of the voters as Proposition 37 at the general election in 1984, was drafted with unusual skill to avoid opposition. It established a state lottery but prohibited casino type gambling. The measure was sold to the public as a painless means of raising additional revenue for education. On two previous occasions revenue proposals were sweetened by promises to dedicate their proceeds to education. These included the state sales tax, which, for decades was regarded by many as a school tax, and the state's take from wagering on horse races.

The era of the modern lottery in the United States began in 1964 after New Hampshire enacted the first state lottery in this century. Three years later New York started a game similar to that of New Hampshire. Neither lottery generated much enthusiasn because ticket prices were high and drawings were infrequent. In 1971, however, New Jersey came out with a lottery offering minimum bets of 50 cents, with frequent drawings and larger prizes. The new game was an instant success. New York and New Hampshire followed the lead of New Jersey offering innovative games. Lotteries rapidly gained momentum in the 1970s as more states legalized them and offered a number of games for maximum appeal.

As enacted, Proposition 37 established a California State Lottery Commission of five members appointed by the Governor and confirmed by the Senate to determine the kinds of games run, frequency of drawings, prizes, ticket prices, sales locations, and to study how best to promote the lottery.

The statute requires the lottery proceeds to be allocated as follows: prizes, 50 percent; administration costs, 16 percent or less; California State Lottery Education Fund, 34 percent or more. This education fund is intended to augment public education funding rather than to be a substitute for funds now being allocated. All levels of public education from kindergarten through the University of California are to share available revenue on a per capita basis. The Legislative Analyst has estimated the following percentages for the lottery proceeds dedicated to education: K–12, 80 percent; community colleges, 13 percent; state university system, 5 percent; University of California, 2 percent. The total revenue and the share for education depends upon the types of games played and the volume of ticket sales.

The Legislative Analyst estimates that when fully operational, California's lottery will produce annual ticket sales of $50 per capita and gross $1.4 billion a year. Assuming that 34 percent of the revenue would be set aside for education, public schools would get $475 million a year. The "fully operational" conditions will not be met until the 1986–87 fiscal year.

The classic definition of a lottery is "a drawing of lots in which prizes are distributed to the winners among persons buying a chance." Some evidence from the 17 other states which have been operating lotteries indicates that sales lag as the novelty of a game wears off. New types of games are introduced to renew public interest. In practice, lottery games take a number of forms but there are four principal types of lottery played in the U.S. today.

1. **Instant**—The lottery ticket has a latex covering which is scratched off to reveal winners instantly. The ticket usually costs one dollar and prizes range from $1 to $1 million.

2. **Three-Digit**—A player chooses any three-digit number at prices from 50 cents to $1. Drawings are daily and the payback is usually 500-to-1.

3. **Four-Digit**—A player chooses any four-digit number at prices from 50 cents to $1. Drawings are daily to weekly and the payback is usually 5,000-to-1.

4. **Lotto**—Players select six numbers out of 30 to 42 numbers. Drawings are held weekly and prizes are allowed to escalate if there are no winners. Lotto has captured the most media attention because of the huge prizes awarded.

In the instant game the ticket is sold over the counter. In the other game, tickets are sold from dispensing terminals placed in various retail locations. The terminals are connected to a central computer to offer a variety of games.

The instant game is the quickest game to organize and operate. In California this game is called "California Jackpot" and tickets for it went on sale October 3, 1985. The game features an instant scratch-off type ticket. When the special latex covering on the ticket is scratched off, the numbers beneath are revealed and if any three of the six dollar amounts printed on the spots match, the player wins that amount. In the initial game instant winnings range from $2 to $5,000. Winners of the $100 prizes only will also be entered in a preliminary selection process to determine ten finalists for Weekly Grand Drawings. Each finalist in this drawing will have a chance to win a prize of $10,000, $50,000, $100,000, or $2 million. Instant games are expected to last eight to ten weeks or until all the tickets have been sold. The lottery expects to offer five or six new games of this type each year. By June 1986 the Lottery Commission hopes to have 5,000 computer terminals installed around the state for the "on-line" types of games: 3-Digit, 4-Digit, and Lotto. They may have drawings twice a week with multimillion dollar jackpots.

Turmoil in the Petroleum Industry

The worldwide demand for petroleum during the 1984–85 fiscal year was no more than it had been ten years earlier and for the past five years the global inventories of crude oil have been excessive. Overproduction has continued in the face of worldwide recession and conservation measures which have drastically reduced the demand for petroleum products. For years the oil ministers of the Oil Producing and Exporting Countries (OPEC) had met just twice a year to confer on policy and prices, but emergency sessions have been frequent in recent years as the 13 ministers frantically search for solutions to stabilize production and prices. OPEC's share of the world oil market has been shrinking for several years largely because its official prices have been higher than those on the open market and a greater supply of petroleum has become available from non-OPEC nations. The cartel's production of about 14.5 million barrels a day in the spring of 1985 was only half the amount produced in 1979. Saudi Arabian output fell to an 18-year ~~low of 2.5~~ million barrels a day. While OPEC's average price for all grades of petroleum—heavy, medium, and light—was officially about $27 a barrel, many members of the cartel sold it for less and free-market oil went for $2 to $4 a barrel less. Eighty percent of OPEC's crude oil was estimated to be discounted during the spring months in violation of their own price schedule. The market situation placed OPEC in the untenable position of defending an official price which most of its own members were not upholding.

As the fiscal year began, OPEC's oil ministers met in Vienna in July 1984. Nigeria, hard-pressed for revenue, pled for a higher quota and Iran argued for an increase in the benchmark price. Indecision characterized their deliberations as the majority stood firm on both their official price of $29 a barrel for crude oil and the production quotas for each member set in March 1983. Nigeria, however, was temporarily allowed a slightly higher quota.

Although spot market prices are outside the purview of long-term contracts and for several years have been $2 and $3 a barrel less than OPEC's official prices, the cartel has persistently ignored this segment of the marketplace and refused to lower its price schedule. An emergency OPEC session was set for late October in Geneva because Nigeria, Britain, and Norway had announced that they would drop their prices. The price reductions threatened to put more pressure on the oil-producing nations, both OPEC and non-OPEC, to reduce prices. The oil ministers would not touch prices at this session; however, they reluctantly approved a reduction in their overall production quotas from 17.5 million to 16.0 million barrels a day as Saudi Arabia agreed to take the brunt of the reduction. While tacitly agreeing to cutback on production they had no means of monitoring each other to pinpoint violations. Nigeria did reduce its price by $2 a barrel in mid-October and during this session announced that it would not accept any OPEC cuts in production.

OPEC's oil ministers officially met once more during 1984. Assembling in Geneva in December they reached an accord on monitoring and auditing the production, export, and prices of each of the 13 OPEC nations, but still they did not tamper with prices. Auditing is a very delicate problem because each nation regards access to such confidential information as an infringement on its sovereign rights. As they realized that implementing the auditing process would require time-consuming negotiations they recessed for the holidays. A few days after the session ended several U.S. oil companies reduced the price they would pay for domestic crude oil and the retail price of gasoline began to drop.

In January, OPEC's oil ministers reassembled in an emergency session in Geneva to continue the business they left unfinished in December. The previous October when they grudgingly agreed to reduce overall production from 17.5 million to 16.0 million barrels a day, they had not reached any agreement on procedures for monitoring each other's output. Now they decided to contract with a Dutch accounting firm to audit the production of each member nation. Furthermore, after bitter debate nine members voted to reduce the official benchmark price of oil by one dollar, from $29 to $28 a barrel.

A reduction of $1 a barrel in crude oil if passed on entirely to consumers is equivalent to dropping the price of gasoline and other refined products by 2.5 cents a gallon. Some analysts called the price reductions meaningless because the real prices being charged by the cartel's members were less than the new schedule called for. Industry sources commented that OPEC's new schedule was at least $2 a barrel above the price its members were actually receiving after taking into consideration disguised discounts, barter deals, and tax breaks they were giving to oil companies.

On July 1, 1985, OPEC's oil ministers convened in Vienna, Austria once again. Despite several weeks of advance strategy sessions, the ministers had no firm plans for coming to grips with the problems of overproduction and falling prices. An atmosphere of resignation prevailed as they recognized their impotence in tackling the problems before them. Their Market Monitoring Committee recommended either slashing the production of crude oil or reducing its price. Some members opposed any additional production cutbacks below the quotas assigned to them in October 1984 (when overall output was set at 16.0 million barrels a day) because their declining oil revenues would be reduced even futher. Some members of the cartel are deeply in debt and rely heavily on oil revenues to service their obligations. Politically and economically they could not afford to reduce either production or prices. Dissension on these proposals was so heated that the delegates never assembled together in a formal conference.

Late in July OPEC's oil ministers were back in Geneva for an emergency session because the oil market had deteriorated rapidly in the few weeks since their last meeting. Mexico had lowered its prices on both high grade and low grade oil by $1 to $2 a barrel effective July 1. Two other non-OPEC members, Egypt and the Soviet Union, followed Mexico in reducing prices. To avoid a deadlock, one of their first actions was to postpone the sensitive problem of apportioning lower production quotas until their October meeting. Reluctance to deal with this issue indicated how volatile it is.

Although the Saudis pressed for a reduction of $1.50 a barrel to bring OPEC's prices closer to those prevailing in the free market, the cartel settled on cuts of only 50 cents a barrel for heavy crude and 20 cents a barrel for medium grade oil. These reductions were only token amounts, far less than what OPEC needed to regain market shares going to non-OPEC producers.

In mid-September, Saudi Arabia set the stage for OPEC's October session in Vienna. We have noted the Saudi's frequent threats to raise production but this time their intentions are authentic. Saudi Arabia announced that it will increase production by at least one million barrels a day starting October 1. Contracts were being finalized and sealed with three U.S. oil companies to buy 800,000 barrels daily at what is called the "netback price." This price is commensurate with the value of the gasoline and naphtha refined from a barrel of crude oil and ranges from $2 to $3.25 a barrel less than OPEC's official price of $28 a barrel. This announcement, made informally in Oxford, England at a high level meeting of energy officials, was designed to close the door to further negotiations at the October session. OPEC's members are being forced out of their indifference and indecision; now they must react.

Merchandising Over the Years

Since World War II merchandising has flourished in California as it has in major markets throughout the nation. The pent-up demand of the war years when consumer goods were in short supply and savings were accumulated set off a postwar boom. People liquidated their savings to purchase consumer goods coming into the marketplace. The initial expansion of the economy continued to be fueled by a population explosion and rapid growth in personal income. Anyone could open a business and turn a profit during this period.

Through the 1940s, most department and apparel stores were located in downtown sections of cities. As suburban development mushroomed in the postwar period, major types of stores began to move into shopping complexes in the suburbs where they could serve consumers more conveniently. While construction of all types—residential, commercial, industrial, and governmental—burgeoned in the postwar years, one type of construction is of particular importance to those who monitor retail business. This is the advent of the shopping center which brings a number of stores together in a single complex.

Several types of shopping centers have been developed since World War II. The smallest is a neighborhood center where a supermarket is the principal tenant. Next is a community center which will have either a junior department store or large drug store or variety store in addition to a supermarket as principal tenants. A specialty shopping center has a large number (50 or more) of retail specialty stores, but no leading tenant. A regional shopping center is anchored by a major department store that provides a full variety of merchandise and usually the complex has a supermarket. The ultimate in shopping centers is the super-regional center with three or more full-line department stores and a broad mix of other tenants providing most of the goods and services a shopper needs.

These large regional centers have evolved into completely enclosed, air-conditioned malls. Examples of the latest architectural design in regional shopping centers can be seen in the Beverly Center and Westside Pavilion in Los Angeles which opened this year. Westside has stores on three levels facing a 150-foot mall covered with an arcade of arching skylights. Beverly Center also features three levels of stores but instead of starting them at ground level provides for parking on the lower floors and puts retailers from the sixth to the eighth floor.

As customers competed for available consumer goods in the postwar years they drove prices upward. Then when the United States became involved in the Korean War, consumers anticipated a recurrence of wartime shortages and they splurged on durable consumer goods which had not been available during World War II. This process drove prices further upward.

As price levels advanced, many customers became more cost conscious in the early 1950s. In this economic climate a new type of merchandising was developed—a discount store where a number of entrepreneurs leased space for their operations and the combination functioned somewhat like a general department store under a single management. Some of the companies which pioneered the way in California with this type of store such as Consumers' Buying Services and White Front Stores have disappeared but they have been superseded by more efficient types of merchandising. The original discount operations tended to be drab and unattractive, located in warehouse-type structures. Their main appeal was their prices. The fragmented method of administration with many small units which lacked purchasing efficiencies probably contributed to their failure.

Several new types of discount operations were developed in the early 1960s. Lucky Stores was the first to introduce discount prices in supermarkets. Soon afterward Lucky began to erect large structures where for the first time a discount department store (Gemco) and a supermarket were placed under a single roof. Other supermarket chains began to sell broader lines of housewares and general merchandise. Some grocery chains opened drug centers or discount centers side by side with their supermarkets, complete with pharmacies and broad lines of general merchandise (similar to variety stores).

Another type of discount operation which sprang up about the same time was the catalog showroom typified by Best Products and Consumers Distributing Company. These businesses offer two types of service. A customer gets a catalog and can either order by mail or use it as a guide before visiting a store. At the showroom a customer selects items from those on display and the order is filled immediately from the stocks in the adjoining warehouse. Catalog stores rapidly carved a niche for themselves in the 1960s when they were the main source of discount merchandise for many consumers. Today, however, they must compete with department stores and mass merchants which run sales with values rivaling those of showrooms. Competition becomes keener all the time and today newer types of discount operations, such as warehouse clubs, are undercutting prices at catalog stores.

Another type of discounting also sprang up in the early 1960s. As 5- and 10-cent stores were dying, Kresge's management, envisioning new opportunities, began to open K-Marts—discount stores selling many if not most lines of regular department store merchandise. Since Kresge began to open K-Mart stores it has been the nation's fastest growing retailer. Among non-food chains it has risen to become the second-largest retailer in the country after Sears.

K-Mart stores, like those of Lucky's Gemcos, stand alone, making up their own shopping plaza. They sell name-brand merchandise at lower prices than other retailers and rely on large volume to offset lower profit margins. When K-Mart stores first opened, leased departments represented half of their non-food sales volume. Today, only the shoe departments continue to be leased; K-Mart has taken over everything else.

Merchandising has flourished in California since World War II. The last 40 years have seen the rise of the small surburban shopping center, the super shopping center with several major department stores, combination supermarket and discount department stores, catalog showroom operations, and most recently discount warehouse megastores such as the Price Club, Home Club, Pay N Save, and Federated Electronics.

More recently, new types of outlets have been created which carry discounting and mass merchandising further toward their utlimate limit. The Price Club which opened its first store in San Diego in 1976 is the prototype of this operation. These are warehouses which use forklifts to move and stack merchandise economically on pallets. Customers use dollies or hand trucks to push their purchases through the checkout line.

These megastores are open only to those who pay a membership fee and all sales are cash-and-carry. They handle an assortment of general merchandise featuring automotive tires and equipment, television and radio components, some household and garden products, and a limited line of groceries and restaurant supplies, much of which is in bulk containers. Inventory turns over rapidly, up to 15 or 18 times a year in the most successful stores, compared to four times a year in the average retail store.

Initially, the Price Club sold exclusively to business concerns but this clientele was so narrow that soon memberships which cost up to $25 a year were offered to selected groups, such as government employees or credit union members.

The warehouse club idea has been extended to the building materials and home improvement business by the Home Club, another entity requiring a membership fee. These outlets display a wide variety of lumber and building materials, machinery and tools, household appliances, and many types of equipment for homes and other buildings. Here again the operation is virtually all self-service.

The warehouse idea without a club membership has recently been applied to supermarkets in California after rapidly gaining popularity in other sections of the country. Pak 'N Save Stores, a subsidiary of Safeway Stores, is using warehouse methods to sell groceries 24 hours a day. Under a single roof they offer a wide supermarket line, a bakery, delicatessen, salad bar, flower shop, dry cleaning service, and videocassette rentals. They capitalize on lower prices through high volume sales, a limited selection of brand names, and a broad line of generic (no name) foods. Generics are the cheapest method of marketing a grocery product (or drug, tobacco, wine, etc.) They come in packages that do not carry a brand and do not identify the manufacturer. In the price structure, brand name labels are priced the highest, private (or store) labels are in the middle range, and generics lie at the bottom of the price range.

A newer type of discount outlet is the electronics superstore, such as Federated in California. The multiplicity of affordable consumer electronic products in the last few years has spawned untold numbers of businesses which have opened to sell electronic equipment, from television sets and videocassette recorders to telephones and microwave ovens. Now superstores bring the entire gamut of electronic equipment together with as many as 9,000 items in a single location for one-stop shopping. These superstores are forcing many small competitors to sell out or close. Furthermore, they are attracting sales from department stores, catalog showrooms, and mass-merchant discount stores. It is predicted that this type of discount operation will account for 25 percent of the retail electronics market within five years.

Not all of the advances in merchandising are as spectacular as discounting. Nevertheless, these developments are important because they concern many businesses. Certain distinctive trends affecting various types of retailers have been noticeable over the years. In the first place, large supermarkets replaced small neighborhood grocery stores during the 1950s and 1960s. Secondly, major drug store chains are selling so many lines of merchandise that they are virtually limited-price variety stores even though we continue to classify them as drug stores because they maintain pharmacies. Thirdly, small gasoline service stations have given way to large stations most of which have become self-service operations.

Despite the efficiency of these large grocery stores and service stations and the lower prices they offer, there has been a counter trend toward small neighborhood stores which are conveniently located and remain open long hours. Many customers will do some of their shopping at one of these nearby markets even though they pay higher prices for the convenience. Grocery chains, such as Seven-Eleven, Circle K, Food & Liquor (formerly Short Stop), and Stop-N-Go, have expanded to serve these customers. Many of these small markets handle self-service gasoline, one of their attractions pricewise, because they usually discount it a penny or two per gallon.

Further blurring the distinction between types of business while blending sales of groceries with those of gasoline are service stations which have converted offices and service bays to small markets selling a limited line of groceries, beverages, snack foods, tobacco, magazines and newspapers. Arco has set the pace for conversions to these mini-marts which cater to the immediate needs of the motorist and other traffic.

Revenues Advance Modestly

Tax programs administered by the Board produced state and local revenues totaling $15,188,723,000 during fiscal 1984–85, an increase of $1.45 billion or 10.6 percent over 1983–84. Per capita revenue from Board programs totaled $587, a fiscal year increase of $47. Levies from each tax are presented in the accompanying text table; additional detail and historical comparisons are given in Appendix Table 2. (Major sources of all state revenues are

Retail stores accounted for 65.2 percent of all business transactions subject to the sales and use tax during 1984–85. Total retail transactions of $131.4 billion were 8.2 percent higher than the previous fiscal year.

presented on page 10 for comparative purposes.)

The combination of all state and local sales and use taxes produced $12,875,255,000, advancing 11.4 percent during the fiscal year. The state's portion of the sales tax (4.75 percent) grossed $9,797,612,000, while the part allotted to other governmental agencies—cities, counties, and transit districts—totaled $3,077,142,000. (Details are given in Appendix Tables 21A, 21B, and 22.) Transit district taxes at the rate of 0.5 percent were levied in seven counties through March 31, 1985. An additional 0.5 percent, which pushed the total for Santa Clara County to 7 percent, was approved by the voters at the general election in 1984 and became effective April 1, 1985 for the Santa Clara County Traffic Authority.

The state's fuel taxes aggregated $1,186,988,000 during the year under review, 2.8 percent more than fiscal 1983–84. Distributions of 11.6 billion gallons of gasoline were up 2.3 percent, while consumption of 1.46 billion gallons of diesel fuel for highway use was 2.5 percent ahead of 1983–84. (Historical data on assessments are presented in Appendix Tables 23–25.)

The state's excise tax of 10 cents per pack on cigarettes yielded $262,870,000, a decrease of 0.1 percent. Cigarette tax revenues have been declining ever since fiscal 1979–80. The current decrease, however, is the smallest since the downtrend began. During the fiscal year, tax-paid distributions of cigarettes totaled 2.65 billion packs. Per capita consumption dropped from 110.1 to 106.5 packs per year, a decrease of 3.3 percent. Doubling the federal excise tax on cigarettes from 8 cents to 16 cents a pack effective January 1, 1983 probably tended to reduce consumption; however, the influence of this reduction could not be isolated and quantified. As enacted the increase was scheduled to expire September 30, 1985 but Congress has extended it. (See Appendix Tables 30A and 30B for additional data.)

Alcoholic beverages which are taxed by the state at rates ranging from one cent a gallon for dry wines to $2.00 per proof gallon for distilled spirits produced $135,787,000, a decrease of 1.2 percent for the fiscal year. Distilled spirits dropped 1.9 percent to $105,953,000 while beer and wine combined increased 1.3 percent to $29,834,000. The federal excise tax on distilled spirits, which had been $10.50 per proof gallon since 1951, was raised to $12.50 effective October 1, 1985.

Consumption of all types of alcoholic beverages totaled 799,475,000 gallons during fiscal 1984–85, an increase of 0.74 percent. Expressed on a per capita basis this amounted to 30.9 gallons for every man, woman, and child in the state, a decrease of 1 percent or three-tenths of a gallon. Nearly all of the decrease is attributable to beer which dropped by a little more than one-quarter per capita to 24.23 gallons per person. The trend in per capita consumption of distilled spirits has been downward for six straight years, dropping from 2.46 gallons in 1978–79 to 2.04 gallons in the year under study. The per capita usage of wines increased by 1.1 percent to 4.65 gallons per person. (See Appendix Tables 27–29 for historical data on taxes, total consumption, and per capita consumption by major type of beverage.)

The Electrical Energy Surcharge levied on the use of electricity in California produced $34,432,000, an increase of 7.2 percent over fiscal 1983–84. The rate, which is adjusted to provide the funds budgeted for the State Energy Resources Conservation and Development Commission, has been $0.0002 (two-tenths of a mill) per kilowatt hour (KWH), the maximum allowed by law since September 1, 1981.

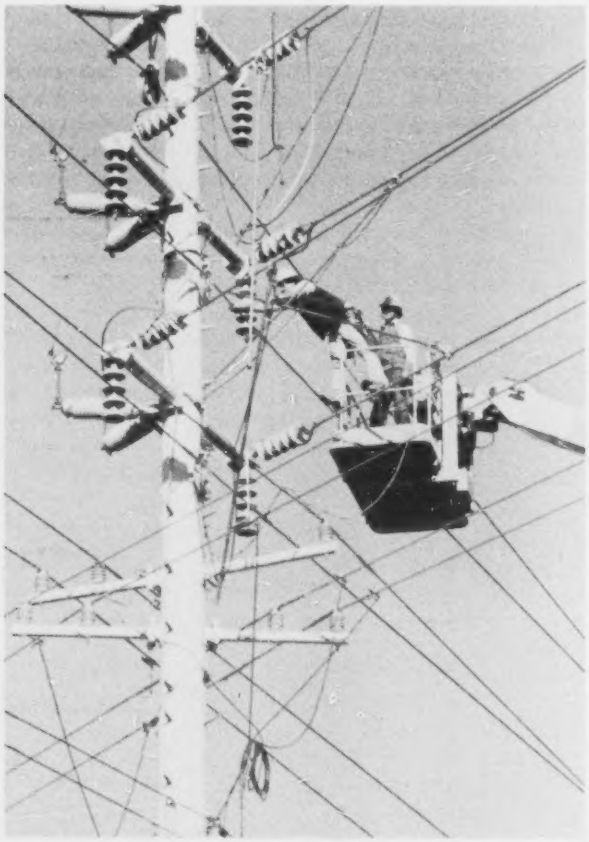
The Emergency Telephone Users Surcharge, a levy to fund the 911 statewide emergency number system, yielded $30,190,000. This tax levied on in-state telephone and communications services was imposed at the rate of 0.5 percent by the provisions of Senate Bill 1180, Chapter 906, 1979, effective through October 31, 1982, and the Board has continued to levy the same rate since then.

The Moore Universal Telephone Service Act is a new tax enacted as Assembly Bill 1348 in 1983, that became operative July 1, 1984. This levy is imposed at the rate of 4 percent on the gross revenues of in-state telecommunication services (telephone and telegraph, but excluding cable television). Recognizing that telephone service is a basic necessity and that some residents could not afford such service because the charges have escalated following the breakup of AT&T, the Legislature has decreed that intrastate service rates for low- and moderate-income persons shall be no more than 50 percent of the charge for basic flat rate service. This revenue is to reimburse the telecommunication companies for the universal service they are required to provide under this statute.

The Timber Yield Tax leveled off at $13,131,000, down 0.7 percent from 1983–84. The tax rate of 2.9 percent was levied on all timber harvested in the state. Initiated in 1977, this tax replaced the former ad valorem levy on standing timber administered by county assessors. The revenue collected by the state is reserved in its entirety for allocation to counties and does not augment the state's revenue. The timber reserve fund was terminated at the end of 1982.

Two tax programs have been established to deal with hazardous wastes. Together they yielded $24,791,000 during the fiscal year, 16.6 percent more than in 1983–84. The Hazardous Waste Tax is imposed on those who produce the waste rather than the operator of the disposal site. The base rate of $9.92 per ton for the year under study was raised to $11.25 per ton effective July 1, 1985 for the first 3,500 tons a month dumped at disposal sites. The revenue is used to support the Toxic Substances Control Division of the State Department of Health Services.

Complementing this levy is the Hazardous Substance Tax which is imposed on those who produce and dispose of such substances in the state. While this tax was designed to yield $10 million a calendar year on assessments for 1983, the target was raised to $15 million for 1984 assessments (by the nature of this program most of this revenue will flow in during the 1985–86 fiscal year). The state revenue is matched nine-to-one by federal monies and dedicated to cleaning up contaminated disposal sites.



The Electrical Energy Surcharge levied on the use of electricity in California produced $34.4 million in 1984–85, an increase of 7.2 percent over the previous fiscal year. The surcharge provides funds which support the State Energy Commission.

The Private Railroad Car Tax yielded $3,377,000. In last year's report we noted that court-ordered refunds made in fiscal 1983–84 reduced the net revenue to $576,000. The amount for 1984–85 is less than the Board assessed because the 15 companies involved in the litigation have legally obtained temporary relief which allows them to pay only 59 percent of the amount assessed by the Board.

Taxable Sales Expansion

Transactions subject to California's sales or use taxes totaled $201.5 billion during fiscal 1984–85. The sales volume in actual dollars was 9.8 percent higher than the amount in 1983–84. Quarter-by-quarter sales growth weakened during the fiscal year. Adjusted for price increases which averaged 4.9 percent for the fiscal year the real increase in the physical volume of goods sold was 4.6 percent. Growth was thus divided almost evenly between higher prices and the number of items sold.

Retail stores accounted for 65.2 percent of all taxable transactions or $131.4 billion during the fiscal year. The total was 8.2 percent higher than that for 1983–84. Taxable sales of business and personal service establishments, whose tax is based primarily on materials and parts used in service and repairs since repair labor is exempt from tax, totaled $8.4 billion, an increase of 12.1 percent. "All Other Outlets"—primarily all types of manufacturers and wholesalers, construction contractors, and part-time permittees regardless of type of business—recorded taxable transactions of $61.7 billion by increasing 12.8 percent over the preceding year. (See Appendix Table 19 for detail on sales tax and number of sales tax permittees, by type of business.)

Retail stores concentrating on durables outperformed those featuring nondurables. While durables moved ahead 10.5 percent, nondurables advanced only 6.5 percent. New car dealers, a mainstay of durables, reported taxable business of $20.5 billion, 14.2 percent more than their volume in 1983–84. The 1,498,566 new motor vehicles registered in the state surpassed the number in 1983–84 by 2.6 percent and broke the historical record of 1,461,756 set in 1977–78 by 2.5 percent. The entire growth was accounted for by trucks which advanced 20.3 percent and offset the decline of 1.9 percent in new autos during the year. Private-party sales of used vehicles totaled $3.36 billion, an increase of 11 percent over 1983–84.

When voluntary restraints imposed upon Japanese imports for four years expired on March 31, the Japanese announced that they would raise their quota by

New Vehicle Registrations and Taxable Sales of New Car Dealers, 1984–85

	Number of Registrations of New Vehicles						*Taxable Sales of New Car Dealers*	
	Automobiles		*Trucks*		*Total*			
Quarter	*Number*	*Percent Change Year to Year*	*Number*	*Percent Change Year to Year*	*Number*	*Percent Change Year to Year*	*Amount*	*Percent Change Year to Year*
July–September	278,997	2.2	81,218	18.1	360,215	5.4	$4,813,223,000	17.6
October–December	294,074	6.7	81,532	24.9	375,606	10.2	4,834,663,000	14.4
January–March	291,125	−2.5	91,703	23.4	382,828	2.7	5,230,364,000	14.4
April–June	277,675	−12.3	102,242	16.0	379,917	−6.2	5,613,145,000	11.1
Fiscal Year	1,141,871	−1.9	356,695	20.3	1,498,566	2.6	20,491,395,000	14.2

24 percent from 1,850,000 to 2,300,000 vehicles. As larger numbers of Japanese models soon were imported, the imports took market shares from domestic manufacturers and the market became more competitive. Sales of U.S. companies lagged in the spring, so temporarily they offered low-interest loan incentives on small cars with large inventories.

Sales of domestic models continued to slip in the summer; therefore, new incentives—discounts, rebates, and low-interest loans—were offered. At first they were available only on slow-selling models but as the end of the model-year approached incentives were extended to most models. Japanese importers also offered incentives of cut-rate loans to meet their competition. The impact of the incentives was dramatic. Nationally, sales of domestic models jumped 23.4 percent in August and 48.0 percent in September from year-earlier levels. Imports climbed 21 percent in August and 28.7 percent in September. The troubling question was what would happen to auto sales after incentives expired and customers faced the shock of significantly higher prices on 1986 models in early October?

Department stores rang up taxable receipts of nearly $16.5 billion, ranking their sales volume next to that of new car dealers as they accounted for 8.2 percent of all taxable transactions in the state. Their increase of 10.6 percent demonstrated a continued strong demand for consumer products. The specialty stores group continued to rival department stores as their sales volume hit $15.2 billion.

Service stations posted taxable sales of $14.1 billion, 1.5 percent more than in 1983–84. (In our classification system refineries and bulk plants of oil companies operating service stations are also included under this class of business.) Distributions of 11,642,881,000 gallons of gasoline were up 2.3 percent. This marked the second fiscal year increase in consumption since 1978–79 when taxable gallonage topped 11,916,829,000 gallons. The amount spent on gasoline during the fiscal year is estimated at $13,095,797,000. The estimated price of gasoline averaged $1.125 a gallon excluding sales taxes, 1.9 cents a gallon less than the average in 1983–84. The estimated price is weighted for all grades of gasoline and all types of service at retail stations and for bulk sales to fleet operators. Quarterly performance of service stations is presented in the following table. Diesel fuel for highway use totaled 1,463,857,000 gallons. The increase of 2.5 percent in consumption closely paralleled the pattern set by gasoline.

The building materials group reported $8.5 billion in taxable transactions, a gain of 8.8 percent. Reporting sales tax on similar types of building materials were construction contractors whose taxable transactions totaled $10.4 billion, up 12.8 percent from 1983–84. Authorizations for new private residential housing units reached 220,000, an annual increase of 6.3 percent. This number is in the range that many ana-

Taxable Transactions of Service Stations Compared to Gasoline Distributions, by Quarter 1984–85

	Taxable Transactions		*Gasoline Distributions*			
Quarter	*Amount*	*Percent Change Year to Year*	*Gallons*	*Percent Change Year to Year*	*Estimated Expenditure*	*Percent Change Year to Year*
July–September	$3,531,654,000	−2.9	2,965,305,000	3.4	$3,231,550,000	−6.1
October–December	3,495,626,000	4.6	2,876,091,000	1.5	3,281,620,000	1.5
January–March	3,339,641,000	1.7	2,872,800,000	2.4	3,128,317,000	0.8
April–June	3,725,397,000	3.0	2,928,685,000	2.0	3,454,310,000	3.2
Fiscal Year	$14,092,318,000	1.5	11,642,881,000	2.3	$13,095,797,000	0.6

Revenues from the Timber Yield Tax totaled $13.1 million, down 0.7 percent from 1983-84.

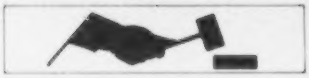
lysts agree is necessary to meet the housing needs of Californians. The valuation of authorized nonresidential building approached $12.9 billion, an increase of 19.5 percent.

Taxable sales performance was fairly uniform during the fiscal year in two of the four major regions of the state defined by the Board. The eight counties making up Southern California paced the state by advancing 11.5 percent. The nine San Francisco Bay Area counties ranked second in sales growth with a gain of 11.0 percent. Northern California and the mountain counties posted 9.6 percent. The San Joaquin Valley and central coastal counties trailed with 7.4 percent. Despite the moderation in sales activity, 52 of the state's 58 counties registered higher levels of taxable sales during the fiscal year. The six rural counties which were unable to achieve sales increases had no impact on statewide sales performance because they accounted for only 0.2 percent of all taxable transactions in California. (Detail for counties for the fiscal year is presented in Appendix Table 20.)

The outlook for the economy in the fall was more optimistic than it had been at the close of the fiscal year. There are indications that mild but sustained economic growth will continue into 1986. The Index of Leading Economic Indicators following several months of sluggish performance rose 0.7 percent in both July and August. This index comprises measures of employment, production, consumption, and investment which are sensitive to change and it is useful in predicting upturns and downturns in the economy. During the summer, unemployment declined and the gap in the balance of trade narrowed. The gross national product is predicted to rise at a faster pace in the last half of 1985 than it did in the first six months of the calendar year. Some analysts estimate that the economy grew at 3 percent in the summer and 4 percent in the fall to bring the annual rate for 1985 to more than 2 percent.

1984–85 Taxable Sales by Quarter; Growth in Actual Dollars Compared to Growth in Constant-Value Dollars

	Taxable Transactions		*Percent Change From Prior Year In:*		
Quarter	*Amount*	*Percent of Total*	*Actual Dollars*	*Constant Value Dollars*	*California Consumer Price Index*
July–September	$48,821,140,000	24.2	12.5	7.4	4.8
October–December	52,424,875,000	26.0	10.6	5.1	5.2
January–March	47,962,424,000	23.8	8.8	3.6	5.0
April–June	52,289,694,000	26.0	7.4	2.8	4.5
Fiscal Year	$201,498,133,000	100.0	9.8	4.6	4.9



VII. TAX LITIGATION

SALES AND USE TAXES

Sale of Hospital Equipment is a Nontaxable Occasional Sale.

Taxpayers, two hospitals, each sold in a single sale all of the assets of the hospital, including both equipment used in providing tax-exempt medical and nursing services, and other equipment used in selling meals, supplies, and pharmaceuticals, for which selling activities each hospital held a seller's permit. The Board asserted sales tax on the sale of all the equipment. The trial court ordered the Board to refund taxes paid on the sale of the equipment used in providing medical and nursing services.

The California Supreme Court affirmed, and held that no sales tax was due on the sales of the medical and nursing equipment. That equipment was sold in a nontaxable occasional sale under Revenue and Taxation Code section 6006.5(a) since each hospital was not required to hold a seller's permit in rendering its medical and nursing services. The court held that Board Regulation 1595(a)(3), which classified each hospital as a unitary business since it was required to hold a seller's permit for some of its activities, was void as in conflict with section 6006.5(a). The regulation imposed a condition on the occasional sale exemption not supported by the statute, namely that if a unitary business held a seller's permit for some of its activities, it could not make an exempt occasional sale of assets used solely in other activities not requiring a seller's permit. *Ontario Community Foundation, Inc., et al,* v. *State Board of Equalization,* 35 Cal.3d 811 (1984).

Redevelopment Agency May Constitutionally Impose Sales and Use Taxes.

Under 1981 legislation (SB 152, Chapter 951, Statutes 1981), which authorized redevelopment agencies to impose local sales and use taxes in redevelopment areas if the city credits those taxes against its own sales and use taxes, a redevelopment agency sought a writ of mandate to compel its secretary to publish the ordinance imposing the taxes.

The California Supreme Court issued the writ of mandate. The court held that the ordinance did not violate Article XIIIA of the California Constitution, which requires "special taxes" to be approved by two-thirds vote of electors, because the agency was not empowered to levy real property taxes and was therefore not a "special district" within the meaning of Article XIIIA. The court also held the ordinance did not violate Article XIIIB of the California Constitution, which limits local government appropriations to the past year's level, because there has been a transfer of the responsibility of providing services from the city to the redevelopment agency, and the city and the agency may adjust their appropriations limit accordingly. *Huntington Park Redevelopment Agency* v. *Martin,* 38 Cal.3d 100 (1985).

Driving Trucks Out of State is Not a Taxable Use of Trucks In State.

Taxpayer purchased trucks in California for lease to out-of-state carriers, and drove the unloaded trucks out of state, where the leases commenced. The Board imposed use tax on the purchases, and taxpayer filed suit for refund. The trial court entered judgment in favor of the taxpayer.

The Court of Appeal affirmed. The court held that under Revenue and Taxation Code section 6009.1, no use tax can be imposed where the sole use of the property in the state is the delivery of the property to an out-of-state lessee. The Board's Regulation 1620(b)(5), which required that the property must be passively transported out of state, not transported under its own power, was an unwarranted abridgement of the exemption created in favor of taxpayers who transport property outside the state for use thereafter solely outside the state. *Stockton Kenworth, Inc.* v. *State Board of Equalization,* 157 Cal. App.3d 334 (1984).

Master Sound Tapes Were Properly Taxable Prior to 1975 Legislation.

Prior to 1975, taxpayer purchased original and duplicate master sound tapes made by other production companies, paid royalties and production costs to independent production companies to acquire master tapes, and furnished duplicate master tapes to other production companies under license agreements. The Board imposed sales and use taxes on these transactions, and taxpayer filed suit for refund. The trial court granted judgment in favor of the Board.

The Court of Appeal affirmed. The court held that:

- 1975 legislation exempting sales and purchases of master sound tapes (Revenue and Taxation Code section 6362.5) was not made retroactive to periods before 1975 by virtue of 1982 legislation

amending section 6362.5 and declaring the amendment to be declaratory of existing law;
- agreements between taxpayer and independent production companies were sales contracts and not employment contracts;
- master tapes were properly taxed as tangible personal property physically useful in the manufacturing process and not furnished as incidents to the services of the recording artists;
- taxpayer was not denied equal protection on the grounds that leases of motion pictures were exempt from tax while purchases of master sound tapes were taxed; and
- taxpayer's licenses of duplicate master tapes to other production companies together with the right to reproduce the musical recordings were taxable leases, not payments for intangible rights.

Capitol Records, Inc. v. *State Board of Equalization,* 158 Cal.App.3d 582 (1984).

Sale of Assets is Taxable When Seller is Required to Hold Seller's Permit.

A corporation engaged in the exploration, development, and production of crude oil sold its assets. Prior to the sale of its assets, the corporation had neither sold tangible personal property at retail nor consumed any of the crude oil it produced. Rather, all the crude oil it produced was sold for the purpose of refining or processing into gasoline, fuel oil, or other petroleum products.

The Board imposed sales tax on the corporation's sale of its assets. The purchaser of the assets paid the tax and filed suit for refund. The trial court ganted judgment in favor of the Board.

The Court of Appeal affirmed. It held that the sale of the assets was subject to sales tax because the sale was a retail sale, and the corporation was a "seller" under Revenue and Taxation Code section 6014 since the crude oil it sold was suitable for retail sale. It was irrelevant that the crude oil was not sold at retail but was instead sold for processing into other petroleum products. Since the sale of the assets was by a seller required to hold a seller's permit, the sale was not an exempt occasional sale. *Santa Fe Energy Co.* v. *State Board of Equalization,* 160 Cal.App.3d 176 (1984).

Transfer of Equipment to Commencing Partnership in Exchange for Assumption of Indebtedness is a Taxable Sale.

Taxpayer transferred equipment to a commencing partnership as a capital contribution, and in return the partnership also assumed the taxpayer's liabilities for the indebtedness on the equipment. The Board determined that the transaction constituted a taxable sale, and the amount of the sale subject to tax was the full amount of the debt assumed by the partnership. Taxpayer brought suit for refund, and the trial court granted judgment for the Board.

The Court of Appeal affirmed. It held that the transaction was a sale because the taxpayer transferred its right, title, and interest in the property to a separate legal entity. The court further held that the Board properly measured the tax by the full amount of the indebtedness assumed by the partnership, because this constituted a valuable consideration received by the taxpayer. The taxpayer, having elected the benefits of the partnership form of doing business, cannot ignore the disadvantages resulting from its election. *Cal-Metal Corp.* v. *State Board of Equalization,* 161 Cal.App.3d 759 (1984).

Sales of Custom Computer Programs Were Nontaxable Services.

Taxpayer transferred custom computer applications programs to its customers on punched cards, between 1972 and 1976. The Board imposed sales tax on these sales under its Regulation 1502(f) (2) because the computer programs were transferred on tangible storage media, namely the punched cards ~~which customers~~ used to install the programs on their computers. The trial court ordered the Board to refund the taxes paid.

The Court of Appeal affirmed, and held that Regulation 1502(f) (2) was void as in excess of the Board's statutory authority. Revenue and Taxation Code Section 6010.9, enacted in 1982, provided that transfers of custom computer programs on tangible storage media are neither sales nor purchases under the Sales and Use Tax Law. The Legislature further declared that transfers of custom programs were nontaxable services, and that section 6010.9 was declaratory of existing law. The court held that the 1982 legislation supports the conclusion that the true object of the transfer of the custom programs on punched cards was the performance of services by the taxpayer. *General Business Systems, Inc.* v. *State Board of Equalization,* 162 Cal.App.3d 50 (1984).

Financing Transactions Did Not Result in Taxable Sales and Leasebacks of Equipment.

Taxpayer purchased medical equipment from vendors in taxable sales and placed the equipment in use. Before the equipment was fully paid for, taxpayer obtained alternative financing for the equipment by transferring title to the equipment and leasing it back from leasing companies in return for monthly payments. The leasing companies reimbursed taxpayer for the amounts it had already paid to the vendors and paid the balance of the purchase prices to the vendors. The Board imposed use tax on the lease payments. The taxpayer filed suit for refund, and the trial court granted judgment in favor of the taxpayer.

The Court of Appeal affirmed. It held that only one sale of the equipment (from the vendors to the taxpayer) had occurred, and that the object of the transactions between taxpayer and the leasing companies was to obtain financing for the purchase of the equipment, not to make taxable sales and leasebacks. Despite taxpayer's transfer of title, it remained the owner of the equipment, and no sale occurred under the Uniform Commercial Code and the Sales and Use Tax Law. *Cedars-Sinai Medical Center* v. *State Board of Equalization,* 162 Cal.App.3d 1182 (1984).

Federal Tax Injunction Act Bars Action to Enjoin Collection of State Taxes.

Taxpayer leased motor vehicles to the U.S. Government, and the Board imposed sales and use taxes on the taxpayer's leases. Taxpayer filed an action in federal court to enjoin the collection of the state taxes. The U.S. District Court dismissed the action.

The U.S. Court of Appeals, Ninth Circuit, affirmed. The court held that the federal Tax Injunction Act, 28 U.S.C. section 1341, bars the federal courts from enjoining the collection of state taxes, where the taxpayer has a plain, speedy, and efficient remedy in state courts, and the taxpayer had such a remedy because it could have paid the taxes and sought a refund in state court. The Tax Injunction Act bars this action despite plaintiff's claim that it did not have sufficient assets to pay the taxes.

The court also held that the federal district court did not have ancillary jurisdiction over this action as a result of *United States* v. *State Board of Equalization,* 650 F.2d 1127 (Ninth Circuit, 1981), aff'd 456 U.S. 901 (1982), in which the court held taxes on certain leases to the United States to be unconstitutional. The United States was not a party to this action, and there was not an identity of interest between taxpayer and the United States to allow taxpayer to assert the federal interest in federal court. *Redding Ford* v. *State Board of Equalization,* 722 F.2d 496 (Ninth Circuit, 1983), cert den. __ U.S. __, 105 S.C. 84.

Tax on Sales of Materials and Fixtures to Federal Construction Contractors is Constitutional.

In a bankruptcy proceeding, the Board filed a claim for sales and use taxes due on sales of materials and fixtures to a construction contractor improving real property under contracts with the U.S. Government. The U.S. District Court allowed the claim.

The U.S. Court of Appeals, Ninth Circuit, affirmed. The court held that the Sales and Use Tax Law did not discriminate against federal contractors because the legal incidence of the taxes fell on the contractor, not the United States, and the contractor had the opportunity to pass on the economic burden of the taxes to the United States. The court also held that Revenue and Taxation Code sections 6007.5 and 6384 provided statutory authority for the Board's Regulation 1521, which classified the federal contractor as a consumer of materials and fixtures, because the statutes tax the sales by suppliers to federal contractors as retail sales.

Finally, the court held that there was a rational basis for the state to distinguish between federal contractors and other sellers who sell property to the United States, because the use of property in a construction contract by attaching it to realty changes the form of the property. *In re Howell,* 731 F.2d 624 (Ninth Circuit, 1984), cert. den. __ U.S. __, 105 S.C. 330.

PROPERTY TAXES

The Valuation Rollback Provision of California Constitution, Article XIIIA, Section 2, Subdivision (a) Which Establishes the 1975 Real Property Assessment as a Base Year Value Does Not Apply to the Unit Taxation of Public Utility Property.

Proposition 13 which was passed by the voters in 1978 contained the provision that the full cash value means the county assessor's valuation of real property as shown on the 1975–76 tax bill. Subsequently the State Board of Equalization concluded that this provision was applicable only to county assessed real property and that it would not apply to public utility real property that was centrally assessed by the State Board. The taxpayer, an interstate communications company, disagreed with this interpretation, filed appropriate claims for refund and upon denial thereof brought suit in the superior court for tax years 1978 and 1979. The court entered summary judgment in favor of the defendants, and taxpayer appealed. After reversal by the appellate court defendants then took further appeal to the California Supreme Court.

In determining whether the questioned provision applies to the unit taxation of public utility real property the court relied upon three rules of constitutional construction. First, a constitutional amendment should be construed in accordance with the natural and ordinary meaning of its words. Second, it should not be construed in such a way as to undermine its validity. Third, it should not be construed to effect the implied repeal of another constitutional provision. The court concluded that since there is no county assessor's valuation of state-assessed property, the terms of the provision render it inapplicable to such property. Since it deals with real property taxation, it might contravene the constitutional requirement of single subject amendment if it were also construed to relate to unit taxation. It would impliedly repeal Article XIII, section 19, which requires annual assessment of utility property if it were construed to require an assessment based on the 1975–76 value.

In response to the taxpayer's contention that section 19 requires that utility property be valued on the same basis as other property, the Supreme Court concluded that no such equal-valuation requirement was imposed. The court held that the purpose of section 19 is broadly to authorize the unit taxation on utility property and more narrowly to assure its adequate valuation. By requiring taxation in the same extent and manner as other property simply specifies that public utility property be levied on at the same rate as local property instead of being subject to a special gross receipts "in lieu" tax. *ITT World Communications, Inc. v. City and County of San Francisco,* 37 Cal.3d 859 (1985).

The Plain Meaning of the Phrase, Appraised Value When Purchased, Is That the Assessor Shall Make an Appraisal of the Property, As of the Date Purchased, With Lien Dates Irrelevant to Such Valuation.

Fifteen taxpayers in their own behalf and on behalf of persons similarly situated brought a class action for declaratory and other relief against the county assessor and the State Board of Equalization wherein they challenged the defendants' interpretation and application of one of the constitutional provisions that was adopted by Proposition 13. California Constitution, Article XIIIA, section 2, subdivision (a) provides: "The full cash value means the county assessor's valuation of real property as shown on the 1975–76 tax bill under 'full cash value' or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." Taxpayers had purchased their properties between 1975 and 1978 and were assessed at the appraised value of their properties as of the actual date of purchase. They contended that this procedure by the assessor pursuant to State Board rule did not correctly apply the constitutional provision. The trial court issued a summary judgment in favor of the defendants and the taxpayers appealed.

The court of appeal upheld the assessor and the Board by affirming the decision of the trial court. The taxpayer's contention was based on a specific illustration. One home was assessed at $135,000 on the 1976 lien date. It was purchased in December of 1976 for $190,000. The next (1977) lien date it was assessed at $165,000 and the following year (1978) at $201,300. After the passage of Proposition 13 it was reappraised and assessed at $199,300. The taxpayer's theory was that the property should have been assessed at either of the lien date values (1976 or 1977) or at a ratioed figure between those lien date values. This theory would not apply to properties purchased after 1978 because it would not already have existing appraised values. The appellate court ruled that taxpayer's theory did not accord with the plain meaning of the constitutional provision. It was evident to the court that "appraised value when purchased" constitutes a change in the *time* at which property purchased post March 1, 1975 is to be appraised and assessed by the assessor. In addition the court cited Revenue and Taxation Code, section 110.1(a) as an identical and correct interpretation by the Legislature. *Schoderbek v. Carlson,* 152 Cal.App.3d 1027 (1984).

Fixtures to Real Property, Which Are Owned or Controlled By Somebody Other Than the Owner of the Land, May Be Taxed to the Controller, Rather Than to the Owner of the Realty When They Are Not Severable from Other Parts of a System.

Burglar alarm systems that consisted of major components (a transmitter, bell box and electronic sensing devices) and of minor components (foundational wiring, contacts and metallic tape) were assessed as a unit to the taxpayer engaged in the business of selling, installing, monitoring, and servicing the systems. The minor components were classified as fixtures because they were difficult to remove from the subscribers' premises without damaging the property. Their value was primarily due to the cost of the labor of installation and removal costs would be higher than the value of the hardware. For some of the years in question the service agreements provided that the taxpayer retained ownership of the minor components and the right to remove them at termination. In later years ownership was vested in the owner of the premises and there was no right of removal. At all times the major and minor components were non-severable and could not operate independently of each other. The assessment appeals board and the trial court both upheld the assessment to the taxpayer.

On appeal the taxpayer contended that the minor components should be assessed to the owner of the premises because they had lost their character as personal property and became permanent fixtures on the subscribers' real property. The court of appeal rejected this contention by applying Revenue and Taxation Code, section 405(a) to the facts at hand. Since the minor components of the system are not severable in operation from the major components, then the taxpayer either owns or controls the entire system. Under section 405(a) it is proper to assess property to the persons owning, claiming, possessing or controlling it on the lien date. *Morse Signal Devices* v. *County of Los Angeles,* 161 Cal.App.3d 570 (1984).

State Board of Equalization Property Tax Rule 468 Is an Appropriate Interpretation of California Constitution Article XIIIA as it Relates to Oil and Gas Interests.

Property Tax Rule 468 was adopted by the State Board of Equalization subsequent to the passage of Proposition 13 in 1978 to prescribe the new methodology for the assessment of oil and gas properties under the constraints of the proposition. Current additions to proved reserves due to changed physical or economic conditions were treated as additions to the real property interest. They were valued when first becoming proved reserves and retained this base subject to the two percent inflationary increase permitted by the proposition. Under the rule annual reassessment of oil and gas interests subjected the base year value to a reduction by depletions from the prior year's production, adjustment for inflation and increase by the current value of new proved reserves.

The rule was challenged in superior court by taxpayers who claimed that it produced an over-valuation of their oil and gas properties. On the other side certain assessors and counties took the position that it was not applicable and resulted in an under-valuation of the properties. The trial court found that the rule was a valid application of the proposition and so both challenging parties appealed.

The taxpayers contended that the rule violates Article XIIIA because it permits an increase in taxable value based upon changed economic circumstances in excess of the two percent per year limitation. The appellate court held that the rule was based on the exceptions that are continuously present in the operation of an oil and gas lease. Payment of the royalty upon removal of the minerals is tantamount to a purchase. When the at large oil and gas is reduced to personal property of the producer, it may be viewed as a change of ownership. Even the derivation of value from the property requires continuous work which is similar to new construction. The court concluded that although the operation of an oil and gas lease may not come within the literal language of the proposition, it is clearly within the penumbra of intent established through the use of those qualifiers.

In regard to the assessors contention that Article XIIIA does not apply to oil and gas properties the appellate court noted that there is no evidence to indicate that the measure does not apply. Unless there is an affirmative indication of voter intent or language in the measure itself, a court cannot carve out oil and gas properties from inclusion in its provisions. The court concluded that oil and gas leases cannot be treated identically to other types of properties but it was proper for the rule to treat additions to the proved reserves as additions to the property right and to consider reductions due to depletion as reductions from the taxable property right. *Lynch* v. *State Board of Equalization,* 64 Cal.App.3d 94 (1985).

If a Vessel Is Located in a Port Other Than That Designated as Its Home Port and Conditions Suggest the Location as a Permanent Base, Then the Situs of the Domicile Yields to the Second Port and the Vessel Is Subject to the Taxes of that County.

The documented vessel *Tradition* was owned by a Michigan corporation and was registered in the port of Sitka, Alaska. It arrived in San Diego in November 1977 and was moored in the harbor undergoing repairs during most of the calendar year 1978. From February 1st to March 5th, which includes the lien date, it made one trip to Costa Rica and back. In May of 1980 the assessor levied an escape assessment on the owner of the vessel. No appeal was taken and the tax was not paid so the county filed for recovery of unsecured delinquent taxes in superior court. The trial court rendered judgment for the county so the taxpayer appealed.

The primary contention before the appellate court was that the vessel did not have a tax situs in San Diego and the county lacked jurisdiction to assess the taxes. The court noted that the taxable situs of a vessel is not determined by the designation by the owner of a home port. If the owner locates the vessel in a port other than that designated under conditions suggesting a permanent base, the situs of the domicile yields to the second port and the vessel is subject to the taxing power of another entity. Here the vessel was used and employed in the county in the 1978 tax year and was entitled to the benefits and protection afforded vessels moored in the harbor. The court of appeal held that the *Tradition* had sufficient contact with the county to support a tax situs. County of *San Diego* v. *Lafayette Steel Co.,* 164 Cal.App.3d 690 (1985).

INSURANCE TAX

Service Fees Charged for the Installment Plan Option on Insurance, Which Were Collected and Retained by an Automobile Club as Fiscal Agent for an Interinsurance Exchange, Are Taxable Gross Premiums to the Interinsurance Exchange.

During the years in question (1970–1974), the Interinsurance Exchange of the Automobile Club of Southern California (Exchange) offered insurance to members of the Automobile Club of Southern California (Club). If a member opted to pay for his insurance on an installment basis, he paid the Club a $1 service fee in addition to each installment payment. The fee was retained by the Club and the balance was forwarded to the Exchange.

The Board issued deficiency assessments of gross premiums tax against the Exchange measured by the service fees paid by members to the Club. Following exhaustion of its administrative remedies, the Exchange brought suit against the Board. Both the trial and appellate courts sustained the Board's assessments and in so doing specifically rejected the Exchange's arguments that: the service fees in question were not gross premiums; even if deemed gross premiums, the fees were not taxable to the Exchange since they were never received by it, and; the Board was estopped by past administrative practice from rendering the questioned assessments *Interinsurance Exchange* v. *State Board of Equalization,* 156 Cal.App.3d 606.

CORPORATION FRANCHISE TAX

The Unitary Formula Used by the Franchise Tax Board to Allocate Corporate Income to California Is Upheld

A corporate member of an international consortium owned and operated commercial satellites orbiting in outer space. As a member of the consortium, the corporation owned an interest in the satellites and received income from their use; it also derived income from transmitting telecommunications signals to the satellites, and receiving signals from them, at an earth station located in California and similar facilities elsewhere. The Franchise Tax Board assessed certain corporate income taxes against the corporation. The taxpayer paid the taxes under protest and filed a claim for refund challenging the Franchise Tax Board's use of a special formula used to compute the tax which resulted in an apportionment of its total income to California, on the bases of factors which included the value of the satellites and income received by the corporation from their use. In challenging the validity of the special formula used by the Franchise Tax Board, the corporation asserted that the satellites were not located in California. In the stipulation of facts, the parties agreed that the propriety of the formula was controlled by the Uniform Division of Income for Taxation Purposes Act (UDITPA). The trial court granted the refund.

The court of appeal reversed, holding that the Franchise Tax Board had properly assessed corporate income taxes pursuant to factors which included the value of the orbiting satellites and income received by the corporation from their use. The corporation was not entitled to exclude the value representing its interest in the satellites, since they were tangible personal property owned and used in California, although they were not located in California. They functioned in and through California through the earth station located in the state and owned in part by the corporation. Thus, the Franchise Tax Board was authorized to recalculate the corporation's property factors by using any other method which was reasonable and would effectuate an equitable allocation and apportionment of the corporation's income to California, since the corporation's calculations produced results which did not fairly represent the extent of its business activity in the state. The Franchise Tax Board's method, which fairly apportioned the value of the satellites and the corporation's share of revenue attributable to the use of the satellites to California, was valid. The court also concluded that the formula used by the Board did not deny the corporation due process or equal protection of the laws. *Communications Satellite Corporation* v. *Franchise Tax Board,* 156 Cal.App.3d 726 (1984).

Texas Corporation Not Immune from State Taxation under Federal Statute

A Texas corporation which sent ladies' accessories from Texas directly to retail stores in California pursuant to consignment agreements with the stores sought a refund of corporate income taxes, claiming an exemption from such taxation pursuant to 15 U.S.C. §381, which provides that states may not tax income derived from interstate commerce through the solicitation of orders in the state for sale of tangible personal property pursuant to orders sent outside the state for approval and rejection and filled by shipment or delivery from a point outside the state. During the years at issue the corporation had one permanent employee and two temporary employees in California, all of whom worked from their California residences. These employees took orders and visited the purchasing stores, where they made certain the stores had proper inventories and displays of the corporation's accessories. They did not make contracts or receive payments on behalf of the corporation; the stores sent all payments directly to the corporation in Texas. The employees advised the corporation concerning the prices, amounts and types of accessories to be sent to the stores. The trial court concluded that the corporation's activities in California exceeded the mere "solicitation or orders for sales" described in §381 and thus the corporation was not entitled to immunity from state taxation.

The court of appeal affirmed, holding the immunity from state taxation provided in §381 extended only to solicitation of orders for sales, not to solicitation of orders for the placement of goods on consignment, and that the corporation's use of consignment agreements with California retail stores handling its merchandise defeated its claim to the exemption. It also held that where buyers' orders are filled from a stock of goods maintained in the state by a consignee for that purpose, the consignor's activities exceed the statutory minimum and cannot qualify for the immunity protection of §381. *Consolidated Accessories Corporation* v. *Franchise Tax Board,* 161 Cal.App.3d 1036 (1984).

New York Corporation Not Engaged in Unitary Business in California

The Franchise Tax Board determined that a New York corporation doing business in California was engaged in a unitary business with its wholly owned Canadian subsidiary. Taxpayer's claim for refund was denied by the trial court which determined the taxpayer and its subsidiary were engaged in a unitary enterprise and had properly been treated as such for tax purposes.

The court of appeal reversed. It held that factors such as the absence of personnel exchanges and training of subsidiary personnel by the parent corporation, the absence of a centralized marketing program imposed by the parent, and the existence of separate financing and legal functions constituted substantial evidence that the operations of the subsidiary and its parent were independent and autonomous. *F. W. Woolworth Co.* v. *Franchise Tax Board,* 160 Cal.App.3d 1154 (1984).

PERSONAL INCOME TAX

Capital Gains Are Properly Measured in Dollars, the National Unit of Value

A taxpayer challenged the Franchise Tax Board's determination that she owed an additional amount of state income tax, plus interest, because she had incorrectly computed the capital gain on her sale of an apartment house and had omitted the minimum tax on items of tax preference. The taxpayer claimed the sale of the building had yielded no capital gain because the dollar at the time of sale was worth less than half what it was worth at the time she purchased the building; therefore, the sale price was actually lower than the purchase price. The trial court ordered judgment for the Franchise Tax Board.

The court of appeal affirmed. It held that the statutory definition of "income" (Rev. & Tax. Code § 17071) can be applied without compensation for the dollar's limited purchasing power and that §17071 provides adequate notice that "income" will be measured without such compensation. It also held that the federal constitutional provision that states shall make nothing but "gold and silver coin as tender in payment of debts" (U.S. Const., art. I, §10, cl. 1) does not bar the collection of state income taxes in dollars. *Spurgeon* v. *Franchise Tax Board,* 160 Cal.App.3d 524 (1984).

STATISTICAL APPENDIX

ANNUAL REPORT 1984-1985

CALIFORNIA STATE BOARD OF EQUALIZATION

BOARD
MEMBERS

WILLIAM M. BENNETT
First District

CONWAY H. COLLIS
Vice Chairman
Second District

ERNEST J. DRONENBURG, JR.
Chairman
Third District

RICHARD NEVINS
Fourth District

KENNETH CORY
State Controller

DOUGLAS D. BELL
Executive Secretary

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TABLE 1—SUMMARY OF EXPENDITURES OF THE BOARD

For the period July 1, 1984 to June 30, 1985

(in thousands of dollars)

Function	Expenditures	
	1983–84	1984–85
1	2	3
Personal services	$81,969	$93,542
Operating expenses and equipment:		
General expenses	2,854	2,970
Printing	1,058	1,192
Communications	1,345	1,743
Postage	1,193	1,319
Insurance	15	16
Travel—in-state	1,764	2,062
Travel—out-of-state	938	1,092
Training	54	91
Facilities—operation	4,575	5,038
Utilities	50	59
Consulting & Professional Services: Interdepartmental	4,696	5,261
Data Processing	1,644	1,901
Consolidated Data Center	9	11
Central Administrative Services	308	314
Equipment	485	610
TOTALS, Operating Expenses and Equipment	$20,988	$23,679
Totals, expenditures	$102,957	$117,221
Reimbursements	−28,018	−30,335
Special Funds	−6,562	−7,397
Net expenditures (General Fund)	$68,377	$79,489

TABLE 2—SUMMARY OF REVENUES FROM TAXES ADMINISTERED BY THE BOARD, BY FISCAL YEAR, 1974–75 TO 1984–85

(In thousands of dollars)

Revenue source 1	1974–75 2	1979–80 3	1983–84 4	1984–85 5
Local taxes on state-assessed properties [a]	$528,583	$342,316	$530,042	$564,265
Private car taxes [a]	6,964	4,504	576 [q]	3,377
Fuel taxes and fees:				
Motor vehicle fuel license taxes: [b]				
Gasoline tax	709,899	800,012	1,027,909	1,054,864
Jet fuel tax	411	988	845	884
Subtotals	710,310	801,000	1,028,754	1,055,748
Use fuel tax [c]	51,490	79,923	125,704	131,214
Fees	19	29	33	30
Subtotals	51,509	79,952	125,737	131,244
Fuel total	761,819	880,952	1,154,491	1,186,992
Sales and use taxes and fees: [c]				
State taxes	3,372,966	6,658,425	8,797,924	9,797,612
City and county sales taxes	708,612	1,383,386	1,836,018	2,045,988
County transportation tax	175,731	345,736	459,621	511,905
Bay Area Rapid Transit District taxes [d]	40,565	74,591	98,421	112,547
Southern California Rapid Transit District taxes [e]	203	218	—	—
Santa Clara County Transit District taxes [f]	—	41,880	64,933	72,805
Santa Cruz Metropolitan Transit District taxes [g]	—	4,489	6,667	7,298
Los Angeles County Transportation Commission taxes [h]	—	—	271,298	289,892
San Mateo County Transit District taxes [i]	—	—	24,156	27,029
Santa Clara County Traffic Authority taxes [s]	—	—	—	9,678
Fees	231	365	498	501
Totals	4,298,308	8,509,090	11,559,536	12,875,255
Alcoholic beverage taxes: [c]				
Taxes on beer and wine	19,893	26,183	29,450	29,834
Taxes on distilled spirits	100,856	112,757	107,983	105,953
Totals	120,749	138,940	137,433	135,787
Cigarette tax [c, j]	261,975	290,043	263,231	262,870
Electrical Energy Tax [l]	1,885	19,022	32,131	34,432
Emergency Telephone Users' Surcharge [m]	—	15,142	25,356	30,190
Universal Telephone Service Tax [t]	—	—	—	57,637
Timber Yield Tax [n]	—	23,425	13,219	13,131
Timber Reserve Fund Tax [u]	—	367	24	—
Hazardous Waste Control Tax [o]	—	–	11,007 [r]	13,030
Hazardous Substance Tax [p]	—	—	10,247 [r]	11,761
Grand totals	$5,980,283	$10,223,801	$13,737,293 [r]	$15,188,727 [k]

[a] Revenues shown represent those actually received during the indicated fiscal year. Local taxes extended on state-assessed properties include ad valorem special assessments collected by city and county officials.

[b] Based on business done during the fiscal year, i.e. tax on gasoline distributed. Includes tax, interest and penalties; refunds have not been deducted.

[c] Revenues received during the fiscal year from self-assessments and on tax deficiencies, interest and penalties assessed by the Board and fees collected for the issuance of permits or their reinstatement. Refund claims certified to the Controller by the Board or credited against subsequent tax liabilities during the fiscal year are deducted.

[d] This one-half of one percent tax became effective April 1, 1970, in the counties of Alameda, Contra Costa, and San Francisco. The amounts shown for BARTD for the most recent two years include amounts collected for the Metropolitan Transportation Commission: $24,894,292 for 1983–84 and $28,444,140 for 1984–85, including interest. Effective January 1, 1978, 25 percent of the revenue collected under the Bay Area Rapid Transit District Sales Tax was earmarked for MTC which allocates it to the Alameda-Contra Costa Transit District, San Francisco Municipal Railway, and BARTD.

[e] This one-half of one percent tax was effective from July 1, 1970 through December 31, 1970 in Los Angeles County.

[f] This one-half of one percent tax became effective October 1, 1976, in Santa Clara County.

[g] This one-half of one percent tax became effective January 1, 1979, in Santa Cruz County.

[h] This one-half of one percent tax became effective July 1, 1982, in Los Angeles County.

[i] This one-half of one percent tax became effective July 1, 1982, in San Mateo County.

[j] Includes $78,592,000 in 1974–75, $81,616,000 in 1979-80, $78,969,000 in 1983–84, and $78,861,000 in 1984–85 earmarked for cities and counties.

[k] Insurance taxes amounted to $655,783,760 but are not shown above because most of the work involved is performed by the Insurance Commissioner.

[l] This tax became effective January 1, 1975.

[m] This tax became effective July 1, 1977.

[n] This tax became effective April 1, 1977, but no revenue was due until 1977–78.

[o] Administration of this tax was transferred to the Board from the Department of Health Services in fiscal year 1981–82.

[p] This tax was first levied in 1981–82 on hazardous waste generated in calendar year 1981.

[q] Refunds in the amount of $4,532,000 have been deducted. The bulk of the refunds were granted by court decision for 1978–79 taxes.

[r] Revised

[s] This one-half of one percent tax became effective April 1, 1985 in Santa Clara County.

[t] This tax became effective July 1, 1984.

[u] This tax was effective from April 1, 1977 through December 31, 1982.

NOTE: Large increases in revenue may be attributable to higher tax rates. Details on rate changes for the business taxes listed above are presented in the following pages of this appendix in the historical table for each tax program.

TABLE 3A—SUMMARY OF TOTAL COSTS OF PERFORMING BOARD FUNCTIONS, 1983–84 and 1984–85

(In thousands of dollars)

Programs	Board expenditures [a]		Non-board expenditures [b]		Total costs	
	1983–84	1984–85	1983–84	1984–85	1983–84	1984–85
1	2	3	4	5	6	7
County assessment standards	4,157	4,589	140	314	4,297	4,903
State-assessed property [c]	4,037	4,230	135	248	4,172	4,478
Timber tax	1,687	1,814	—	—	1,687	1,814
Sales and use tax	85,286	97,592	3,060	3,891	88,346	101,483
Hazardous substances tax	331	290	—	9	331	299
Alcoholic beverage tax	716	894	27	29	743	923
Cigarette tax	1,663	1,712	14	61	1,677	1,773
Motor vehicle fuel license tax [d]	534	598	—	—	534	598
Use fuel tax	3,158	3,498	—	—	3,158	3,498
Electrical energy tax	79	70	—	—	79	70
Emergency telephone users' surcharge	84	89	—	—	84	89
Insurance tax	84	89	6	65	90	154
Universal telephone service tax	—	72	—	—	—	72
Appeals from other governmental programs	869	1,281	33	44	902	1,325
Administration and support						
Distributed to other programs [e]	(8,526)	(9,867)	—	—	(8,526)	(9,867)
Non-board programs (reimbursable)	272	403	—	—	272	403
Totals, programs	102,957	117,221	3,415	4,661	106,372	121,882
Reimbursements	−28,018	−30,335	—	—	−28,018	−30,335
Special Funds	−6,562	−7,397	—	—	−6,562	−7,397
Net totals, programs	68,377	79,489	3,415	4,661	71,792	84,150

[a] Format conforms to Program Budget presentation.

[b] Includes a portion of the cost of operating central agencies that perform services for the Board; such as offices of the Attorney General, the State Controller, and the State Personnel Board.

[c] Includes the cost of assessing and collecting the private car tax.

[d] Does not include the cost of administering gasoline tax refunds or collecting delinquent gasoline taxes which are functions of the Controller.

[e] These administrative costs are already allocated to the above tax programs.

TABLE 3B—REVENUES AND RATIOS OF BOARD EXPENDITURES AND TOTAL COSTS TO REVENUES FROM ASSESSMENTS MADE BY THE BOARD, 1983–84 AND 1984–85 [a]

Tax	Revenues (in thousands)		Ratio of board expenditures to revenues (in percent)		Ratio of total costs to revenues (in percent)	
	1983–84	1984–85	1983–84	1984–85	1983–84	1984–85
1	2	3	4	5	6	7
Local taxes on state-assessed property	$530,618	$567,642	.76	.75	.79	.79
Timber tax	13,243	13,131	12.74	13.81	12.74	13.81
Sales and use tax	11,559,536	12,875,255	.74	.76	.76	.79
Hazardous substance tax	21,254	24,791	1.56	1.17	1.56	1.21
Alcoholic beverage tax	137,433	135,787	.52	.66	.54	.68
Cigarette tax	263,231	262,870	.63	.65	.64	.67
Motor vehicle fuel taxes [b]	1,154,491	1,186,992	.32	.35	.32	.35
Electrical energy tax	32,131	34,432	.25	.20	.25	.20
Emergency telephone users' surcharge	25,356	30,190	.33	.29	.33	.29
Universal telephone service tax	—	57,637	—	.12	—	.12
Totals and ratios	$13,737,293	$15,188,727	.71	.73	.73	.76

[a] Format conforms to Program Budget presentation.

[b] Gasoline tax refunds have not been deducted from collections and the cost of making them is not included in expenditures.

TABLE 4—SUMMARY OF ASSESSED VALUES OF PROPERTY SUBJECT TO LOCAL GENERAL PROPERTY TAXES, ASSESSMENT RATIOS AND AVERAGE TAX RATES, 1975–76 to 1985–86 [a]

(Assessed values in millions of dollars)

Assessment agency and type of property	1975–76	1976–77	1977–78	1978–79	1979–80	1980–81	1981–82 [f]	1982–83	1983–84	1984–85	1985–86
1	2	3	4	5	6	7	8	9	10	11	12
County assessors:											
Land	29,020	32,233	36,245	37,137	43,335	52,199	238,486	263,447	282,952	312,655	343,274
Improvements	40,232	46,476	54,149	58,316	68,106	79,430	359,878	404,347	437,334	480,170	527,145
Totals	69,252	78,709	90,394	95,453	111,441	131,629	598,364	667,794	720,286	792,825	870,419
Tangible personal property	10,590	11,816	12,531	14,481	16,834	8,430	38,404	43,945	46,661	52,282	60,893
Gross tangible property totals	79,842	90,525	102,925	109,934 [d]	128,275	140,059	636,768	711,739	766,947	845,108	931,312
Exemptions:											
Homeowners' exemption	6,352	6,552	6,787	6,938	7,006	7,169	29,138	29,421	29,563	29,801	30,209
Business inventory exemption	3,094	3,454	3,606	4,203	4,997	[e]	[e]	[e]	[e]	[e]	[e]
All other exemptions [b]	2,191	2,388	2,696	2,806	2,895	3,184	14,553	15,460	16,794	18,583	19,416
Net tangible property totals: [c]											
Net of "all other exemptions" [b]	77,651	88,137	100,229	107,130 [d]	125,380	136,874	622,215	696,279	750,154	826,524	911,896
Net of all exemptions	68,205	78,131	89,836	95,987 [d]	113,377	129,706	593,077	666,858	720,590	796,723	881,687
State Board of Equalization:											
Land	422	430	423	460	487	547	2,895	3,390	3,905	4,900	5,248
Improvements	2,594	2,893	3,431	6,001	6,546	6,911	30,430	34,896	40,632	44,724	48,716
Totals	3,016	3,323	3,854	6,461	7,033	7,458	33,325	38,286	44,537	49,624	53,964
Tangible personal property	2,025	2,257	2,611	461	408	407	2,387	2,546	2,680	2,591	2,760
Gross tangible property totals	5,041	5,580	6,465	6,922	7,441	7,865	35,712	40,833	47,217	52,214	56,724
Business inventory exemptions	13	23	37	48	51	[e]	[e]	[e]	[e]	[e]	[e]
Net tangible property totals	5,028	5,557	6,428	6,874	7,390	7,865	35,712	40,833	47,217	52,214	56,724
Totals all property:											
Land	29,442	32,663	36,668	37,598	43,822	52,746	241,381	266,837	286,857	317,556	348,522
Improvements	42,826	49,369	57,580	64,317	74,652	86,341	390,308	439,243	477,966	524,894	575,861
Totals	72,268	82,032	94,248	101,915	118,474	139,087	631,689	706,080	764,823	842,449	924,383
Tangible personal property	12,615	14,073	15,143	14,943	17,242	8,837	40,792	46,491	49,341	54,873	63,653
Gross tangible property totals	84,883	96,105	109,391	116,858 [d]	135,715	147,924	672,481	752,572	814,164	897,322	988,036
Net tangible property totals: [c]											
Net of "all other exemptions" [b]	82,692	93,717	106,694	114,052 [d]	132,821	144,739	657,928	737,112	797,370	878,739	968,620
Net of all exemptions	73,233	83,687	96,264	102,862 [d]	120,767	137,570	628,789	707,691	767,807	848,937	938,412
Ratios of assessed to full value of locally assessed property (percent)	24.7	25.1	23.0	—	—	—	—	—	—	—	—
Statewide average tax rates (per $100 assessed valuation)	$11.33	$11.19	$10.68	$4.79	$4.69	$4.63	$1.144	$1.131	$1.126	$1.113	—

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[a] Excludes assessments of railroad cars for application of the State's private car tax (see Tables 17A and 17B) or assessments of motor vehicles for application of the "vehicle license fee", an ad valorem excise tax administered by the Department of Motor Vehicles and exacted from owners of motor vehicles in lieu of general property tax.

[b] "All other exemptions" include those for veterans, churches, religious properties, colleges, schools below college grade, hospitals, and charitable properties.

[c] Tax rates are set on assessed values which include the homeowners' exemption and exclude "all other exemptions" from the gross. Taxes are actually levied on values "net of all exemptions" and the State reimburses local governments for all of the tax loss attributable to the homeowners' exemption.

[d] Does not include changes made after September 1978 to county-assessed 1978–79 roll values. The revised totals shown below reflect the changes made through April 1979. A revised breakdown by type of property is not available.

Revised 1978–79 totals in millions of dollars

	County assessors	Totals all property
Gross tangible property totals	$112,620	$119,542
Net tangible property totals		
Net of "all other exemptions"	109,815	116,737
Net of all exemptions	98,673	105,547

[e] Business inventories became totally exempt effective on the 1980–81 property tax rolls and are no longer enrolled.

[f] The ratio of assessed value to taxable value was changed to 100 percent (from 25 percent) beginning with the lien date for 1981–82.

NOTE: Detail may not add to total because of rounding.

TABLE 5—ASSESSED VALUE OF STATE- AND COUNTY-ASSESSED PROPERTY SUBJECT TO GENERAL PROPERTY TAXES, INCLUSIVE OF THE HOMEOWNERS' EXEMPTION, BY CLASS OF PROPERTY AND BY COUNTY, 1985–86 [a]

(In thousands of dollars)

County 1	Land 2	Improvements 3	Personal property [b] 4	Exemptions 5	Net total 6	Percent change year to year 7
Alameda	$15,075,916	$22,781,590	$3,001,488	$983,155	$39,875,839	14.4
Alpine	54,387	76,013	5,566	154	135,812	6.9
Amador	340,675	655,849	56,185	4,065	1,048,644	8.8
Butte	1,646,302	3,113,788	291,539	112,882	4,938,747	6.9
Calaveras	485,792	741,725	35,003	8,527	1,253,993	6.9
Colusa	675,089	394,953	100,444	8,953	1,161,533	–.6
Contra Costa	10,184,871	21,255,419	1,312,928	329,754	32,423,464	10.3
Del Norte	176,165	277,390	36,181	8,262	481,474	2.5
El Dorado	1,451,304	3,111,281	137,505	48,642	4,651,448	8.0
Fresno	6,066,597	11,665,294	1,455,860	379,165	18,808,586	6.5
Glenn	525,732	506,489	94,458	8,936	1,117,743	8.4
Humboldt	1,026,564	2,007,734	221,049	65,784	3,189,563	5.7
Imperial	1,142,052	1,320,921	231,822	26,474	2,668,321	10.2
Inyo	647,656	367,930	47,544	15,413	1,047,717	6.4
Kern	19,216,189	11,828,027	1,230,534	274,632	32,000,118	12.0
Kings	842,143	1,431,727	226,231	34,365	2,465,736	3.8
Lake	1,502,962	1,309,728	76,190	17,151	2,871,729	12.4
Lassen	292,080	405,667	50,252	5,360	742,639	8.1
Los Angeles	98,754,778	155,340,409	17,282,409	6,016,994	265,360,602	9.0
Madera	916,139	1,760,271	192,701	28,089	2,841,022	5.1
Marin	3,985,343	7,156,234	412,909	231,449	11,323,037	10.4
Mariposa	278,393	378,512	26,389	4,362	678,932	30.4
Mendocino	986,142	1,481,141	131,116	52,563	2,545,836	6.1
Merced	1,527,111	2,745,378	283,460	59,803	4,496,146	6.2
Modoc	280,051	181,305	34,885	2,689	493,552	5.3
Mono	394,587	732,571	40,648	5,657	1,162,149	–1.2
Monterey	3,937,826	6,871,629	544,246	210,622	11,143,079	8.1
Napa	1,438,321	2,607,050	219,030	144,701	4,119,700	9.9
Nevada	1,069,915	1,797,979	81,755	26,835	2,922,814	7.7
Orange	38,242,710	50,614,652	6,605,155	1,052,569	94,409,948	10.0
Placer	2,066,851	4,143,316	271,014	67,766	6,413,415	10.0
Plumas	376,487	870,357	33,742	6,324	1,274,262	6.8
Riverside	10,467,960	18,949,538	922,638	476,290	29,863,846	13.0
Sacramento	6,926,341	17,982,191	1,212,059	576,211	25,544,380	11.2
San Benito	396,021	584,609	72,931	7,214	1,046,347	11.8
San Bernardino	8,297,299	22,812,131	1,496,044	744,021	31,861,453	12.4
San Diego	27,994,222	43,778,602	4,095,663	1,476,547	74,391,940	11.8
San Francisco	10,222,412	21,748,054	1,660,966	1,076,051	32,555,381	10.3
San Joaquin	3,655,897	7,924,535	997,504	350,253	12,227,683	9.8
San Luis Obispo	2,719,432	6,135,929	452,933	44,336	9,263,958	15.3
San Mateo	9,496,117	18,018,024	2,893,449	850,320	29,557,270	9.9
Santa Barbara	5,568,756	7,692,356	840,419	315,123	13,786,408	10.4
Santa Clara	18,011,649	37,467,414	9,255,416	1,887,050	62,847,429	15.4
Santa Cruz	2,776,551	4,474,258	411,983	171,911	7,490,881	8.6
Shasta	1,293,546	3,013,193	221,887	88,045	4,440,581	6.8
Sierra	99,015	96,946	7,553	2,553	200,961	5.2
Siskiyou	572,902	832,422	95,433	18,298	1,482,459	4.9
Solano	2,481,445	5,068,267	586,676	104,029	8,032,359	7.7
Sonoma	5,493,316	8,156,118	630,041	180,123	14,099,352	6.1
Stanislaus	2,456,988	5,910,166	476,406	146,680	8,696,880	4.6
Sutter	967,974	1,118,499	162,356	29,311	2,219,518	1.1
Tehama	503,998	865,686	70,242	29,680	1,410,246	4.8
Trinity	198,401	238,345	27,743	2,658	461,831	11.2
Tulare	1,962,887	4,578,986	485,822	82,920	6,944,775	6.1
Tuolumne	558,133	965,277	92,941	24,494	1,591,857	11.7
Ventura	8,144,892	14,122,430	1,402,026	404,552	23,264,796	9.8
Yolo	1,219,193	2,611,112	205,060	48,034	3,987,331	4.8
Yuba	429,599	783,221	106,909	37,071	1,282,658	5.4
Totals	$348,522,076	$575,860,638	$63,653,338	$19,415,872	$968,620,180	10.2

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[a] The value of the homeowners' exemption, $30,208,543,000, has been included in the valuations by type of property and excluded from exemptions because tax rates are set on assessed values which include it.

[b] Excludes railroad cars operated by private car companies, which were assessed at $407,506,000 and are subject to exclusive state taxation.

TABLE 6—ASSESSED VALUE OF STATE-ASSESSED PROPERTY SUBJECT TO GENERAL PROPERTY TAXES, BY CLASS OF PROPERTY AND BY COUNTY, 1985–86

(In thousands of dollars)

County	Land	Improvements	Personal property [a]	Total	Percent change year to year
1	2	3	4	5	6
Alameda	$177,684	$1,707,689	$182,821	$2,068,194	14.2
Alpine	6,858	9,280	7	16,145	4.6
Amador	7,515	165,636	7,404	180,555	8.6
Butte	21,154	449,584	6,856	477,594	7.8
Calaveras	3,505	94,038	1,192	98,735	4.6
Colusa	2,337	73,789	827	76,953	4.1
Contra Costa	223,429	1,795,312	171,178	2,189,919	12.4
Del Norte	462	22,080	547	23,089	8.1
El Dorado	6,982	226,420	6,749	240,151	11.5
Fresno	99,747	2,010,436	30,143	2,140,326	7.6
Glenn	2,458	85,025	262	87,745	6.7
Humboldt	7,572	227,963	8,546	244,081	8.9
Imperial	16,348	222,394	2,470	241,212	24.5
Inyo	9,868	72,939	1,111	83,918	3.0
Kern	71,905	1,162,566	19,725	1,254,196	6.2
Kings	7,436	178,875	2,652	188.963	8.0
Lake	6,173	171,336	2,557	180,066	17.0
Lassen	5,056	73,356	5,722	84,134	8.9
Los Angeles	1,746,146	9,732,467	544,714	12,023,327	4.7
Madera	45,119	288,804	3,698	337,621	4.5
Marin	41,573	341,555	5,857	388,985	6.1
Mariposa	43,123	161,812	125	205,060	153.5
Mendocino	7,997	159,220	2,233	169,450	7.9
Merced	21,200	279,606	18,450	319,256	13.5
Modoc	2,637	49,827	3,264	55,728	7.9
Mono	6,098	50,298	203	56,599	4.3
Monterey	33,567	801,598	87,801	922,966	−1.9
Napa	8,201	153,951	2,578	164,730	15.7
Nevada	18,227	167,532	970	186,729	4.7
Orange	447,818	2,589,368	208,878	3,246,064	6.8
Placer	63,648	352,329	14,164	430,141	5.9
Plumas	38,872	391,743	4,638	435,253	9.3
Riverside	86,475	1,414,482	39,685	1,540,642	9.0
Sacramento	108,089	1,160,185	63,082	1,331,356	9.3
San Benito	2,332	84,017	310	86,659	11.5
San Bernardino	166,492	2,596,183	171,147	2,933,822	5.2
San Diego	257,666	5,601,489	416,597	6,275,752	6.6
San Francisco	307,649	1,728,829	211,170	2,247,648	7.8
San Joaquin	185,460	713,229	35,673	934,362	6.9
San Luis Obispo	61,156	2,970,602	181,584	3,213,342	33.3
San Mateo	142,652	864,125	49,423	1,056,200	5.8
Santa Barbara	144,310	449,027	8,618	601,955	9.3
Santa Clara	172,133	1,747,688	50,335	1,970,156	8.4
Santa Cruz	15,320	234,380	2,421	252,121	9.2
Shasta	40,380	728,573	10,046	778,999	7.1
Sierra	5,089	16,582	128	21,799	10.1
Siskiyou	16,749	123,343	8,084	148,176	2.8
Solano	29,561	416,672	8,306	454,539	8.4
Sonoma	24,081	874,837	19,974	918,892	11.1
Stanislaus	34,037	353,725	7,894	395,656	7.9
Sutter	4,682	127,243	1,663	133,588	6.5
Tehama	4,114	154,647	1,888	160,649	5.1
Trinity	1,012	39,828	392	41,232	7.9
Tulare	30,854	495,161	7,257	533,272	6.7
Tuolumne	5,136	116,666	3,714	125,516	8.4
Ventura	173,195	1,108,631	94,565	1,376,391	12.6
Yolo	24,020	216,208	11,590	251,818	4.8
Yuba	4,916	110,490	6,321	121,727	6.2
Totals	$5,248,275	$48,715,670	$2,760,209	$56,724,154	8.6

[a] Excludes railroad cars operated by private car companies, which were assessed at $407,506,000 and are subject to exclusive state taxation.

TABLE 7—ASSESSED VALUE OF COUNTY-ASSESSED PROPERTY SUBJECT TO GENERAL PROPERTY TAXES, INCLUSIVE OF THE HOMEOWNERS' EXEMPTION, BY CLASS OF PROPERTY AND BY COUNTY, 1985–86[a]

(In thousands of dollars)

County	Land	Improvements	Personal property	Exemptions	Net total	Percent change year to year
1	2	3	4	5	6	7
Alameda	$14,898,232	$21,073,901	$2,818,667	$983,155	$37,807,645	14.4
Alpine	47,529	66,733	5,559	154	119,667	7.2
Amador	333,160	490,213	48,781	4,065	868,089	8.8
Butte	1,625,148	2,664,204	284,683	112,882	4,461,153	6.8
Calaveras	482,287	647,687	33,811	8,527	1,155,258	7.1
Colusa	672,752	321,164	99,617	8,953	1,084,580	–.9
Contra Costa	9,961,442	19,460,107	1,141,750	329,754	30,233,545	10.2
Del Norte	175,703	255,310	35,634	8,262	458,385	2.3
El Dorado	1,444,322	2,884,861	130,756	48,642	4,411,297	7.9
Fresno	5,966,850	9,654,858	1,425,717	379,165	16,668,260	6.4
Glenn	523,274	421,464	94,196	8,936	1,029,998	8.5
Humboldt	1,018,992	1,779,771	212,503	65,784	2,945,482	5.5
Imperial	1,125,704	1,098,527	229,352	26,474	2,427,109	8.9
Inyo	637,788	294,991	46,433	15,413	963,799	6.7
Kern	19,144,284	10,665,461	1,210,809	274,632	30,745,922	12.2
Kings	834,707	1,252,852	223,579	34,365	2,276,773	3.4
Lake	1,496,789	1,138,392	73,633	17,151	2,691,663	12.1
Lassen	287,024	332,311	44,530	5,360	658,505	8.0
Los Angeles	97,008,632	145,607,942	16,737,695	6,016,994	253,337,275	9.2
Madera	871,020	1,471,467	189,003	28,089	2,503,401	5.2
Marin	3,943,770	6,814,679	407,052	231,449	10,934,052	10.6
Mariposa	235,270	216,700	26,264	4,362	473,872	7.7
Mendocino	978,145	1,321,921	128,883	52,563	2,376,386	6.0
Merced	1,505,911	2,465,772	265,010	59,803	4,176,890	5.7
Modoc	277,414	131,478	31,621	2,689	437,824	5.0
Mono	388,489	682,273	40,445	5,657	1,105,550	–1.4
Monterey	3,904,259	6,070,031	456,445	210,622	10,220,113	9.1
Napa	1,430,120	2,453,099	216,452	144,701	3,954,970	9.6
Nevada	1,051,688	1,630,447	80,785	26,835	2,736,085	7.9
Orange	37,794,892	48,025,284	6,396,277	1,052,569	91,163,884	10.1
Placer	2,003,203	3,790,987	256,850	67,766	5,983,274	10.3
Plumas	337,615	478,614	29,104	6,324	839,009	5.6
Riverside	10,381,485	17,535,056	882,953	476,290	28,323,204	13.2
Sacramento	6,818,252	16,822,006	1,148,977	576,211	24,213,024	11.3
San Benito	393,689	500,592	72,621	7,214	959,688	11.9
San Bernardino	8,130,807	20,215,948	1,324,897	744,021	28,927,631	13.2
San Diego	27,736,556	38,177,113	3,679,066	1,476,547	68,116,188	12.3
San Francisco	9,914,763	20,019,225	1,449,796	1,076,051	30,307,733	10.5
San Joaquin	3,470,437	7,211,306	961,831	350,253	11,293,321	10.0
San Luis Obispo	2,653,276	3,165,327	271,349	44,336	6,050,616	7.7
San Mateo	9,353,465	17,153,899	2,844,026	850,320	28,501,070	10.0
Santa Barbara	5,424,446	7,243,329	831,801	315,123	13,184,453	10.4
Santa Clara	17,839,516	35,719,726	9,205,081	1,887,050	60,877,273	15.6
Santa Cruz	2,761,231	4,239,878	409,562	171,911	7,238,760	8.6
Shasta	1,253,166	2,284,620	211,841	88,045	3,661,582	6.8
Sierra	93,926	80,364	7,425	2,553	179,162	4.6
Siskiyou	556,153	709,079	87,349	18,298	1,334,283	5.1
Solano	2,451,884	4,651,595	578,370	104,029	7,577,820	7.6
Sonoma	5,469,235	7,281,281	610,067	180,123	13,180,460	5.8
Stanislaus	2,422,951	5,556,441	468,512	146,680	8,301,224	4.4
Sutter	963,292	991,256	160,693	29,311	2,085,930	.8
Tehama	499,884	711,039	68,354	29,680	1,249,597	4.8
Trinity	197,389	198,517	27,351	2,658	420,599	11.5
Tulare	1,932,033	4,083,825	478,565	82,920	6,411,503	6.0
Tuolumne	552,997	848,611	89,227	24,494	1,466,341	12.0
Ventura	7,971,697	13,013,799	1,307,461	404,552	21,888,405	9.6
Yolo	1,195,173	2,394,904	193,470	48,034	3,735,513	4.8
Yuba	424,683	672,731	100,588	37,071	1,160,931	5.3
Totals	$343,273,801	$527,144,968	$60,893,129	$19,415,872	$911,896,026	10.3

[a] The value of the homeowners' exemption, $30,208,543,000, has been included in the valuations by type of property and excluded from exemptions because tax rates are set on assessed values which include it.

TABLE 8—NUMBER OF VETERANS' EXEMPTIONS AND EXEMPT VALUE OF VETERANS', COLLEGE, CHURCH, RELIGIOUS, AND WELFARE EXEMPTIONS, 1985–86

(Assessed values in thousands of dollars)

County	Number of Veterans' exemptions [a]	Exempt value			
		Veterans' [a]	College	Church	Religious
1	2	3	4	5	6
Alameda	272	$10,340	$51,903	$9,297	$145,678
Alpine	1	53	—	37	—
Amador	18	544	—	143	2,359
Butte [b]	126	4,828	—	2,192	33,977
Calaveras	21	629	—	—	5,435
Colusa	12	167	—	3,000	—
Contra Costa	219	11,173	34,967	2,031	124,990
Del Norte [b]	23	442	—	39	4,782
El Dorado	80	4,920	—	377	14,408
Fresno [b]	243	7,142	12,323	28,596	78,824
Glenn	15	272	—	19	6,756
Humboldt [b]	60	1,836	—	3,842	15,017
Imperial	69	424	—	380	19,710
Inyo	10	167	4,626	5,669	214
Kern	226	3,445	—	114,166	—
Kings	33	773	—	3,120	12,642
Lake	71	1,488	—	280	5,432
Lassen	35	694	—	—	4,256
Los Angeles [b]	1,454	59,421	1,092,296	79,861	1,056,954
Madera	89	838	—	121	14,257
Marin	86	5,144	39,850	16,992	22,784
Mariposa	25	897	—	1,499	181
Mendocino [b]	34	1,196	1,076	682	8,054
Merced	138	4,759	—	4,782	25,934
Modoc	13	169	—	8	1,249
Mono [b]	2	30	—	439	2,083
Monterey	247	12,399	3,652	9,516	36,901
Napa [b]	43	2,032	25,564	3,694	20,475
Nevada	70	3,109	—	961	8,231
Orange [b]	638	34,173	47,826	14,185	278,589
Placer	83	4,187	—	3,236	19,401
Plumas	17	867	—	4,720	—
Riverside [b]	445	20,088	32,756	1,524	115,947
Sacramento [b]	522	24,156	17,037	48,153	128,632
San Benito [b]	5	398	—	443	3,583
San Bernardino [b]	617	19,934	79,547	53,874	128,853
San Diego	1,328	67,655	102,217	31,146	241,933
San Francisco	105	4,794	107,964	38,612	122,316
San Joaquin	146	5,959	87,866	2,401	91,857
San Luis Obispo	65	2,859	5	5,180	25,667
San Mateo	147	8,778	266,687	15,087	90,539
Santa Barbara	146	7,843	18,304	13,391	54,795
Santa Clara	310	16,801	1,004,606	73,455	151,180
Santa Cruz	69	3,317	4,799	7,263	22,601
Shasta [b]	98	3,919	599	357	30,263
Sierra	4	67	—	—	839
Siskiyou	62	894	—	—	7,921
Solano [b]	323	14,038	—	3,265	22,762
Sonoma [b]	170	8,740	—	9,661	35,598
Stanislaus	105	3,519	47	14,057	81,354
Sutter	31	1,765	—	85	14,833
Tehama [b]	35	905	—	—	9,073
Trinity	13	167	—	28	1,671
Tulare [b]	95	2,350	—	13,767	46,769
Tuolumne	53	1,562	4	1,737	7,200
Ventura	191	10,450	37,115	19,764	89,354
Yolo	48	1,958	—	609	15,142
Yuba [b]	54	1,616	—	263	9,129
Totals	9,660	$413,110	$3,073,636	$868,016	$3,519,384

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[a] Disabled veterans included in these figures numbered 8,077 with an exempt value of $408,423,000. Comparable figures for 1984–85 were 7,988 and $306,530,000.

[b] An additional exemption enacted by the Legislature in 1975, Section 155.20 of the Revenue and Taxation Code, permits counties to exempt property having low full value. The statute allows the exemption where the tax proceeds are less than the costs of administration, up to a full value of less than $2,000. Seven counties adopted ordinances and exempted the following amounts on the 1985 rolls: Fresno, $423,000; Humboldt, $1,026,000; Mendocino, $805,000; Napa, $257,000; Sonoma, $4,815,000; Tehama, $377,000; and Yuba, $615,000. An additional 12 counties Butte, Del Norte, Los Angeles, Mono, Orange, Riverside, Sacramento, San Benito, San Bernardino, Shasta, Solano, and Tulare have adopted ordinances and exempt low value properties by assigning them a taxable value of zero.

TABLE 8—NUMBER OF VETERANS' EXEMPTIONS AND EXEMPT VALUE OF VETERANS', COLLEGE, CHURCH, RELIGIOUS, AND WELFARE EXEMPTIONS, 1985–86—Concluded

(Assessed values in thousands of dollars)

	Exempt value				
	Welfare				
County	Schools below college grade	Hospitals	Other charitable properties [c]	Total [d]	Total exempt value as percent of tax base [e]
7	8	9	10	11	12
Alameda	—	$357,881	$418,105	$993,204	2.5
Alpine	—	—	65	155	0.1
Amador	—	—	1,018	4,064	0.4
Butte	$4	54,747	16,099	111,847	2.3
Calaveras	210	—	2,249	8,523	0.7
Colusa	223	5,569	—	8,959	0.8
Contra Costa	34,660	86,396	35,506	329,723	1.0
Del Norte	354	—	2,599	8,216	1.7
El Dorado	1,408	16,680	10,849	48,642	1.0
Fresno	20,196	139,008	92,654	379,166	2.0
Glenn	253	—	1,637	8,937	0.8
Humboldt	6,243	18,223	18,699	64,886	2.0
Imperial	1,951	—	4,240	26,705	1.0
Inyo	793	—	3,944	15,413	1.5
Kern	11,643	104,773	38,177	272,204	0.9
Kings	3,859	9,244	4,726	34,364	1.4
Lake	171	3,649	6,131	17,151	0.6
Lassen	410	—	—	5,360	0.7
Los Angeles	326,843	2,264,463	1,137,156	6,016,994	2.3
Madera	895	10,157	1,788	28,076	1.0
Marin	34,802	29,562	82,244	231,378	2.0
Mariposa	270	—	1,504	4,351	0.6
Mendocino	3,646	11,944	24,205	51,608	2.0
Merced	2,147	14,488	7,692	59,802	1.3
Modoc	—	1,068	175	2,689	0.5
Mono	—	3,002	103	5,657	0.5
Monterey	21,497	51,156	75,501	210,622	1.9
Napa	11,540	61,785	19,354	144,701	3.5
Nevada	1,951	8,332	3,790	26,374	0.9
Orange	60,357	444,290	173,151	1,052,571	1.1
Placer	2,644	14,348	23,952	67,768	1.1
Plumas	—	—	737	6,324	0.5
Riverside	9,183	134,266	162,382	476,146	1.6
Sacramento	12,244	239,635	103,485	573,342	2.2
San Benito	1,282	—	1,507	7,213	0.7
San Bernardino	12,228	273,765	175,820	744,021	2.3
San Diego	79,014	371,653	582,999	1,476,617	2.0
San Francisco	6,281	363,838	432,246	1,076,051	3.3
San Joaquin	11,958	103,004	47,210	350,255	2.9
San Luis Obispo	4,069	—	6,555	44,335	0.5
San Mateo	63,570	203,014	202,670	850,345	2.9
Santa Barbara	36,155	83,151	101,484	315,123	2.3
Santa Clara	68,989	285,533	286,519	1,887,083	3.0
Santa Cruz	13,872	62,440	55,405	169,697	2.3
Shasta	2,982	19,601	24,695	82,416	1.9
Sierra	—	—	1,615	2,521	1.3
Siskiyou	—	7,101	2,382	18,298	1.2
Solano	6,273	45,769	11,922	104,029	1.3
Sonoma	11,206	56,129	53,976	180,125	1.3
Stanislaus	1,949	20,079	23,943	144,958	1.7
Sutter	3,186	7,557	1,884	29,310	1.3
Tehama	1,620	11,218	6,486	29,679	2.1
Trinity	427	—	366	2,659	0.6
Tulare	1,117	5,058	14,653	83,714	1.2
Tuolumne	1,086	8,400	4,505	24,494	1.5
Ventura	23,427	71,076	153,366	404,552	1.7
Yolo	3,427	19,495	7,402	48,033	1.2
Yuba	—	12,955	12,493	37,071	2.9
Totals	$924,515	$6,115,522	$4,686,020	$19,408,521	2.0

[c] General welfare agencies, youth service agencies and religious properties other than churches.

[d] Includes all enrolled exemptions except those arising from the homeowners' exemption law.

[e] The tax base includes the values of the homeowners' exemptions but excludes all other exemptions. Tax base is given in column 6 of Table 5.

TABLE 9—GROSS ASSESSED VALUE OF STATE- AND COUNTY-ASSESSED PROPERTY, NUMBER OF HOMEOWNERS' EXEMPTIONS, EXEMPT VALUE BY TYPE OF EXEMPTION, AND NET ASSESSED VALUE SUBJECT TO GENERAL PROPERTY TAXES, 1985–86 [*]

(Assessed values in thousands of dollars)

County	Gross assessed value	Number of homeowners' exemptions	Exempt value			Taxable assessed value (net of all exemptions)
			Homeowners'	All other	Total	
1	2	3	4	5	6	7
Alameda	$40,858,994	213,237	$1,492,109	$983,155	$2,475,264	$38,383,730
Alpine	135,966	169	1,182	154	1,336	134,630
Amador	1,052,709	5,283	36,905	4,065	40,970	1,011,739
Butte	5,051,629	33,189	232,256	112,882	345,138	4,706,491
Calaveras	1,262,520	6,075	42,525	8,527	51,052	1,211,468
Colusa	1,170,486	2,880	20,021	8,953	28,974	1,141,512
Contra Costa	32,753,218	159,200	1,114,372	329,754	1,444,126	31,309,092
Del Norte	489,736	3,709	25,498	8,262	33,760	455,976
El Dorado	4,700,090	20,401	142,459	48,642	191,101	4,508,989
Fresno	19,187,751	89,352	624,588	379,165	1,003,753	18,183,998
Glenn	1,126,679	4,458	31,050	8,936	39,986	1,086,693
Humboldt	3,255,347	21,595	151,132	65,784	216,916	3,038,431
Imperial	2,694,795	14,115	97,389	26,474	123,863	2,570,932
Inyo	1,063,130	3,031	20,926	15,413	36,339	1,026,791
Kern	32,274,750	78,342	548,385	274,632	823,017	31,451,733
Kings	2,500,101	12,531	86,872	34,365	121,237	2,378,864
Lake	2,888,880	10,945	76,054	17,151	93,205	2,795,675
Lassen	747,999	4,551	31,490	5,360	36,850	711,149
Los Angeles	271,377,596	1,160,435	8,118,702	6,016,994	14,135,696	257,241,900
Madera	2,869,111	12,874	89,824	28,089	117,913	2,751,198
Marin	11,554,486	49,214	344,474	231,449	575,923	10,978,563
Mariposa	683,294	2,699	18,841	4,362	23,203	660,091
Mendocino	2,598,399	13,726	96,015	52,563	148,578	2,449,821
Merced	4,555,949	22,874	159,499	59,803	219,302	4,336,647
Modoc	496,241	2,439	16,820	2,689	19,509	476,732
Mono	1,167,806	1,216	8,457	5,657	14,114	1,153,692
Monterey	11,353,701	43,907	307,322	210,622	517,944	10,835,757
Napa	4,264,401	19,892	139,088	144,701	283,789	3,980,612
Nevada	2,949,649	14,763	103,111	26,835	129,946	2,819,703
Orange	95,462,517	375,530	2,625,944	1,052,569	3,678,513	91,784,004
Placer	6,481,181	29,624	207,269	67,766	275,035	6,206,146
Plumas	1,280,586	4,396	30,642	6,324	36,966	1,243,620
Riverside	30,340,136	143,195	1,001,623	476,290	1,477,913	28,862,223
Sacramento	26,120,591	165,197	1,156,160	576,211	1,732,371	24,388,220
San Benito	1,053,561	4,676	32,727	7,214	39,941	1,013,620
San Bernardino	32,605,474	181,648	1,262,880	744,021	2,006,901	30,598,573
San Diego	75,868,487	324,181	2,268,916	1,476,547	3,745,463	72,123,024
San Francisco	33,631,432	96,638	675,954	1,076,051	1,752,005	31,879,427
San Joaquin	12,577,936	68,916	482,033	350,253	832,286	11,745,650
San Luis Obispo	9,308,294	29,969	209,763	44,336	254,099	9,054,195
San Mateo	30,407,590	127,083	889,486	850,320	1,739,806	28,667,784
Santa Barbara	14,101,531	52,752	369,182	315,123	684,305	13,417,226
Santa Clara	64,734,479	246,447	1,725,108	1,887,050	3,612,158	61,122,321
Santa Cruz	7,662,792	34,844	243,888	171,911	415,799	7,246,993
Shasta	4,528,626	25,323	177,232	88,045	265,277	4,263,349
Sierra	203,514	777	5,374	2,553	7,927	195,587
Siskiyou	1,500,757	9,886	68,752	18,298	87,050	1,413,707
Solano	8,136,388	48,986	342,835	104,029	446,864	7,689,524
Sonoma	14,279,475	63,048	441,307	180,123	621,430	13,658,045
Stanislaus	8,843,560	52,841	369,496	146,680	516,176	8,327,384
Sutter	2,248,829	10,619	74,251	29,311	103,562	2,145,267
Tehama	1,439,926	9,921	68,944	29,680	98,624	1,341,302
Trinity	464,489	2,781	19,355	2,658	22,013	442,476
Tulare	7,027,695	44,171	307,988	82,920	390,908	6,636,787
Tuolumne	1,616,351	8,417	58,694	24,494	83,188	1,533,163
Ventura	23,669,348	103,409	721,272	404,552	1,125,824	22,543,524
Yolo	4,035,365	19,566	136,859	48,034	184,893	3,850,472
Yuba	1,319,729	8,220	57,243	37,071	94,314	1,225,415
Totals	$988,036,052	4,320,163	$30,208,543	$19,415,872	$49,624,415	$938,411,637

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[*] Business inventory exemptions, formerly shown in this table, are no longer available because inventories became totally exempt effective on the 1980–81 property tax rolls and are not enrolled.

TABLE 10—NET [a] STATE- AND COUNTY-ASSESSED VALUE OF PROPERTY SUBJECT TO GENERAL PROPERTY TAXES ON THE SECURED AND UNSECURED ROLLS, BY COUNTY, 1985–86

(In thousands of dollars)

County	Secured valuations			Unsecured valuations (local only) [b]	Total assessed value
	State-assessed	Locally assessed	Total		
1	2	3	4	5	6
Alameda	$2,068,194	$33,792,059	$35,860,253	$4,015,586	$39,875,839
Alpine	16,145	96,024	112,169	23,643	135,812
Amador	180,555	824,951	1,005,506	43,138	1,048,644
Butte	477,594	4,235,589	4,713,183	225,564	4,938,747
Calaveras	98,735	1,134,253	1,232,988	21,005	1,253,993
Colusa	76,953	1,029,734	1,106,687	54,846	1,161,533
Contra Costa	2,189,919	28,759,907	30,949,826	1,473,638	32,423,464
Del Norte	23,089	423,113	446,202	35,272	481,474
El Dorado	240,151	4,266,664	4,506,815	144,633	4,651,448
Fresno	2,140,326	15,592,134	17,732,460	1,076,126	18,808,586
Glenn	87,745	982,131	1,069,876	47,867	1,117,743
Humboldt	244,081	2,742,444	2,986,525	203,038	3,189,563
Imperial	241,212	2,189,869	2,431,081	237,240	2,668,321
Inyo	83,918	922,149	1,006,067	41,650	1,047,717
Kern	1,254,196	29,252,619	30,506,815	1,493,303	32,000,118
Kings	188,963	2,149,809	2,338,772	126,964	2,465,736
Lake	180,066	2,334,370	2,514,436	357,293	2,871,729
Lassen	84,134	627,470	711,604	31,035	742,639
Los Angeles	12,023,327	235,058,358	247,081,685	18,278,917	265,360,602
Madera	337,621	2,389,806	2,727,427	113,595	2,841,022
Marin	388,985	10,320,071	10,709,056	613,981	11,323,037
Mariposa	205,060	421,933	626,993	51,939	678,932
Mendocino	169,450	2,254,090	2,423,540	122,296	2,545,836
Merced	319,256	3,953,831	4,273,087	223,059	4,496,146
Modoc	55,728	422,185	477,913	15,639	493,552
Mono	56,599	1,008,572	1,065,171	96,978	1,162,149
Monterey	922,966	9,642,616	10,565,582	577,497	11,143,079
Napa	164,730	3,798,351	3,963,081	156,619	4,119,700
Nevada	186,729	2,632,127	2,818,856	103,958	2,922,814
Orange	3,246,064	83,506,525	86,752,589	7,657,359	94,409,948
Placer	430,141	5,730,687	6,160,828	252,587	6,413,415
Plumas	435,253	800,543	1,235,796	38,466	1,274,262
Riverside	1,540,642	27,184,938	28,725,580	1,138,266	29,863,846
Sacramento	1,331,356	22,809,205	24,140,561	1,403,819	25,544,380
San Benito	86,659	901,812	988,471	57,876	1,046,347
San Bernardino	2,933,822	27,235,724	30,169,546	1,691,907	31,861,453
San Diego	6,275,752	64,941,103	71,216,855	3,175,085	74,391,940
San Francisco	2,247,648	27,030,969	29,278,617	3,276,764	32,555,381
San Joaquin	934,362	10,503,104	11,437,466	790,217	12,227,683
San Luis Obispo	3,213,342	5,805,309	9,018,651	245,307	9,263,958
San Mateo	1,056,200	24,824,707	25,880,907	3,676,363	29,557,270
Santa Barbara	601,955	12,104,036	12,705,991	1,080,417	13,786,408
Santa Clara	1,970,156	52,970,003	54,940,159	7,907,270	62,847,429
Santa Cruz	252,121	6,887,062	7,139,183	351,698	7,490,881
Shasta	778,999	3,424,139	4,203,138	237,443	4,440,581
Sierra	21,799	157,773	179,572	21,389	200,961
Siskiyou	148,176	1,215,252	1,363,428	119,031	1,482,459
Solano	454,539	7,175,254	7,629,793	402,566	8,032,359
Sonoma	918,892	12,643,074	13,561,966	537,386	14,099,352
Stanislaus	395,656	7,825,454	8,221,110	475,770	8,696,880
Sutter	133,588	1,969,798	2,103,386	116,132	2,219,518
Tehama	160,649	1,204,058	1,364,707	45,539	1,410,246
Trinity	41,232	384,435	425,667	36,164	461,831
Tulare	533,272	6,124,830	6,658,102	286,673	6,944,775
Tuolumne	125,516	1,394,833	1,520,349	71,508	1,591,857
Ventura	1,376,391	20,353,580	21,729,971	1,534,825	23,264,796
Yolo	251,818	3,496,534	3,748,352	238,979	3,987,331
Yuba	121,727	1,072,725	1,194,452	88,206	1,282,658
Totals	$56,724,154	$844,934,695	$901,658,849	$66,961,331	$968,620,180

[a] Includes the value of the homeowners' exemption but excludes "all other" exemptions.

[b] All state-assessed property is on the secured roll.

TABLE 11—ASSESSED VALUE ° OF STATE- AND COUNTY-ASSESSED PROPERTY SUBJECT TO GENERAL PROPERTY TAXES INCLUSIVE OF THE HOMEOWNERS' EXEMPTION, BY INCORPORATED CITIES, 1985–86

(In thousands of dollars)

City	Assessed value		City	Assessed value		City	Assessed value	
	State	Local		State	Local		State	Local
1	2	3	1	2	3	1	2	3
Adelanto	12,400	196,059	Cathedral City	41,669	598,025	Exeter	7,784	115,773
Agoura Hills	36,559	854,324	Ceres	15,962	342,655	Fairfax	4,568	242,809
Alameda	38,067	1,928,438	Cerritos	69,946	2,017,784	Fairfield	84,506	1,652,783
Albany	22,495	393,593	Chico	79,774	877,451	Farmersville	3,670	55,944
Alhambra	133,648	1,752,862	Chino	58,812	1,120,957	Ferndale	2,590	26,160
Alturas	7,303	58,946	Chowchilla	7,893	89,607	Fillmore	9,917	168,988
Amador	425	4,317	Chula Vista	287,050	2,271,593	Firebaugh	4,580	49,953
Anaheim	441,061	9,382,384	Claremont	47,382	850,674	Folsom	18,570	563,283
Anderson	10,664	130,917	Clayton	7,000	191,979	Fontana	57,248	1,078,269
Angels	6,468	43,050	Clearlake	16,168	248,052	Fort Bragg	13,993	195,864
Antioch	53,110	1,135,389	Cloverdale	5,714	86,012	Fort Jones	4,198	13,000
Arcadia	44,966	1,911,301	Clovis	44,519	965,016	Fortuna	8,515	169,988
Arcata	16,441	277,020	Coachella	12,805	151,100	Foster City	16,342	1,273,333
Arroyo Grande	15,727	366,435	Coalinga	5,491	124,077	Fountain Valley	39,650	1,829,543
Artesia	49,245	309,092	Colfax	3,374	30,106	Fowler	5,100	52,924
Arvin	4,893	67,404	Colma	5,685	73,533	Fremont	216,925	5,938,118
Atascadero	23,598	543,104	Colton	57,836	567,836	Fresno	452,558	7,195,277
Atherton	12,025	671,366	Colusa	7,210	84,526	Fullerton	123,466	4,162,773
Atwater	16,983	262,735	Commerce	169,440	1,419,947	Galt	5,090	96,544
Auburn	29,302	290,292	Compton	154,184	1,242,782	Gardena	33,475	1,291,789
Avalon	5,277	140,485	Concord	193,866	3,663,813	Garden Grove	103,965	3,410,268
Avenal	19,924	51,383	Corcoran	5,863	92,134	Gilroy	30,322	742,162
Azusa	25,744	781,189	Corning	9,280	83,153	Glendale	114,504	4,981,076
Bakersfield	227,669	4,322,017	Corona	74,007	1,400,641	Glendora	35,384	1,072,768
Baldwin Park	50,647	808,070	Coronado	29,014	982,419	Gonzales	3,807	114,123
Banning	19,868	281,282	Corte Madera	6,412	421,397	Grand Terrace	45,068	232,859
Barstow	62,443	333,272	Costa Mesa	90,153	3,993,792	Grass Valley	18,719	211,976
Beaumont	13,295	149,588	Cotati	4,514	117,434	Greenfield	3,948	57,046
Bell	36,490	375,745	Covina	73,819	1,160,893	Gridley	5,472	72,754
Bellflower	54,656	1,070,533	Crescent City	7,689	93,781	Grover City	6,220	219,390
Bell Gardens	31,904	346,481	Cudahy	5,170	166,154	Guadalupe	5,369	41,206
Belmont	19,678	985,029	Culver City	98,528	2,127,364	Gustine	3,516	77,967
Belvedere	1,813	238,861	Cupertino	38,897	2,406,764	Half Moon Bay	10,281	314,362
Benicia	24,235	1,081,037	Cypress	96,247	1,282,730	Hanford	32,946	536,829
Berkeley	104,140	2,726,478	Daly City	77,135	1,899,121	Hawaiian Gardens	6,126	177,327
Beverly Hills	119,633	4,472,364	Danville	48,857	1,448,754	Hawthorne	87,692	1,937,881
Big Bear Lake	17,387	630,872	Davis	45,795	1,037,812	Hayward	241,351	3,389,700
Biggs	1,692	20,138	Delano	16,876	223,595	Healdsburg	11,599	295,135
Bishop	14,482	133,570	Del Mar	6,625	342,260	Hemet	49,127	769,819
Blue Lake	1,645	36,917	Del Rey Oaks	1,651	44,739	Hercules	35,576	390,321
Blythe	20,081	124,054	Desert Hot Springs	16,469	242,566	Hermosa Beach	33,303	798,796
Bradbury	689	60,807	Dinuba	9,798	155,219	Hidden Hills	1,288	156,208
Brawley	9,759	226,949	Dixon	9,246	196,525	Hillsborough	12,878	1,150,877
Brea	39,950	2,015,096	Dorris	1,791	10,209	Hollister	16,457	347,828
Brentwood	9,197	107,525	Dos Palos	4,367	50,019	Holtville	3,099	56,262
Brisbane	69,415	351,741	Downey	115,014	2,294,545	Hughson	2,620	42,742
Buena Park	118,740	2,144,506	Duarte	13,246	490,387	Huntington Beach	450,742	6,964,332
Burbank	89,543	3,905,365	Dublin	14,662	702,501	Huntington Park	56,885	627,240
Burlingame	183,315	1,702,290	Dunsmuir	3,740	33,975	Huron	2,446	30,032
Calexico	8,925	201,973	East Palo Alto	9,283	273,588	Imperial	2,649	49,985
California City	5,803	171,157	El Cajon	80,229	2,135,111	Imperial Beach	18,091	350,518
Calipatria	2,685	22,459	El Centro	29,181	454,943	Indian Wells	10,838	734,341
Calistoga	5,314	111,474	El Cerrito	22,804	637,973	Indio	40,173	646,525
Camarillo	63,341	2,034,142	El Monte	75,618	1,491,228	Industry	98,829	1,726,731
Campbell	23,786	1,318,851	El Segundo	274,365	3,877,540	Inglewood	82,039	1,975,288
Capitola	17,302	343,407	Emeryville	20,622	650,832	Ione	3,613	26,350
Carlsbad	355,947	2,598,971	Escalon	5,362	88,679	Irvine	217,530	7,941,977
Carmel	11,309	455,097	Escondido	109,565	2,313,816	Irwindale	46,882	539,316
Carpinteria	18,752	396,008	Etna	1,310	12,861	Isleton	2,515	11,227
Carson	110,931	3,817,267	Eureka	50,337	587,679	Jackson	7,522	75,625

TABLE 11—ASSESSED VALUE [a] OF STATE- AND COUNTY-ASSESSED PROPERTY SUBJECT TO GENERAL PROPERTY TAXES INCLUSIVE OF THE HOMEOWNERS' EXEMPTION, BY INCORPORATED CITIES, 1985–86—Continued

(In thousands of dollars)

City	Assessed value		City	Assessed value		City	Assessed value	
	State	Local		State	Local		State	Local
1	2	3	1	2	3	1	2	3
Kerman	5,208	77,958	Montclair	20,739	639,818	Port Hueneme	11,963	418,856
King City	8,089	132,861	Montebello	176,346	1,290,588	Portola	4,821	40,960
Kingsburg	5,899	118,857	Monterey	58,805	1,303,839	Portola Valley	5,230	336,985
La Canada-Flintridge	47,543	901,399	Monterey Park	84,486	1,562,169	Poway	37,251	1,207,185
Lafayette	29,273	1,146,406	Monte Sereno	2,316	203,183	Rancho Cucamonga	264,090	2,409,679
Laguna Beach	28,023	1,291,705	Moorpark	34,432	536,496	Rancho Mirage	37,168	1,522,567
La Habra	56,229	1,414,934	Moraga	16,844	678,402	Rancho Palos Verdes	53,602	2,176,257
La Habra Heights	13,960	293,752	Moreno Valley	62,585	1,362,127	Red Bluff	20,434	227,447
Lake Elsinore	21,245	323,349	Morgan Hill	25,975	725,071	Redding	95,909	1,519,246
Lakeport	12,868	130,225	Morro Bay	229,173	333,326	Redlands	88,209	1,276,332
Lakewood	49,634	1,837,305	Mountain View	98,638	3,201,266	Redondo Beach	321,923	2,708,926
La Mesa	68,914	1,379,736	Mount Shasta	5,557	81,617	Redwood City	124,493	2,411,663
La Mirada	34,858	1,277,949	Napa	65,292	1,536,828	Reedley	15,504	221,265
Lancaster	75,216	1,463,881	National City	55,070	851,738	Rialto	102,011	956,326
La Palma	10,233	504,130	Needles	8,734	74,036	Richmond	151,016	3,572,490
La Puente	63,488	428,850	Nevada City	6,245	86,529	Ridgecrest	27,518	419,531
La Quinta	14,648	496,108	Newark	22,724	1,149,365	Rio Dell	2,569	37,257
Larkspur	22,379	589,677	Newman	4,708	59,123	Rio Vista	5,668	107,111
La Verne	33,833	758,291	Newport Beach	72,892	7,292,131	Ripon	5,044	153,860
Lawndale	11,609	501,670	Norco	15,484	476,337	Riverbank	6,522	153,882
Lemon Grove	19,428	410,604	Norwalk	97,951	1,537,426	Riverside	153,488	4,656,644
Lemoore	8,258	233,805	Novato	63,293	1,740,515	Rocklin	23,930	342,857
Lincoln	7,798	123,552	Oakdale	11,609	278,170	Rohnert Park	43,751	878,423
Lindsay	9,275	128,391	Oakland	836,841	9,574,279	Rolling Hills	3,007	249,826
Live Oak	4,548	40,323	Oceanside	118,673	2,773,016	Rolling Hills Estates	6,629	680,237
Livermore	66,984	1,511,323	Ojai	12,304	254,918	Rosemead	161,493	797,143
Livingston	5,690	104,284	Ontario	200,915	3,105,166	Roseville	85,451	1,143,769
Lodi	36,845	1,193,418	Orange	212,252	4,038,853	Ross	2,449	188,678
Loma Linda	17,012	327,745	Orange Cove	2,669	43,367	Sacramento	641,807	8,579,159
Lomita	30,536	480,163	Orland	6,875	98,018	St. Helena	11,795	269,260
Lompoc	20,358	581,618	Oroville	26,210	290,762	Salinas	113,543	2,012,221
Long Beach	1,013,567	13,078,221	Oxnard	511,476	2,922,864	San Anselmo	8,141	449,480
Loomis	9,500	128,419	Pacifica	29,280	914,872	San Bernardino	287,751	2,791,952
Los Alamitos	15,006	430,506	Pacific Grove	10,606	514,626	San Bruno	74,684	1,270,460
Los Altos	30,034	1,402,499	Palmdale	43,168	911,106	San Carlos	43,521	1,416,688
Los Altos Hills	9,302	607,698	Palm Desert	50,465	1,789,293	San Clemente	41,748	1,603,039
Los Angeles	3,930,273	100,577,150	Palm Springs	103,716	2,946,733	Sand City	674	35,637
Los Banos	12,629	249,462	Palo Alto	128,316	4,397,987	San Diego	1,563,306	33,044,751
Los Gatos	48,265	1,469,418	Palos Verdes Estates	15,057	1,104,205	San Dimas	46,364	878,331
Loyalton	1,260	13,002	Paradise	26,977	557,385	San Fernando	33,816	379,420
Lynwood	20,119	664,935	Paramount	51,787	817,612	San Francisco	2,247,648	30,307,733
Madera	29,162	411,501	Parlier	3,428	32,463	San Gabriel	33,382	734,207
Mammoth Lakes	12,322	753,818	Pasadena	172,811	4,495,391	Sanger	12,425	215,625
Manhattan Beach	31,388	2,019,417	Paso Robles	21,059	411,706	San Jacinto	11,556	193,776
Manteca	29,954	698,475	Patterson	5,359	86,364	San Joaquin	1,639	15,200
Maricopa	1,372	14,114	Perris	39,417	193,211	San Jose	918,125	24,252,936
Marina	11,871	284,274	Petaluma	44,025	1,129,790	San Juan Bautista	2,701	31,328
Martinez	41,076	1,024,505	Pico Rivera	72,848	1,318,358	San Juan Capistrano	40,857	1,112,461
Marysville	30,974	268,772	Piedmont	6,524	551,122	San Leandro	138,946	2,677,497
Maywood	4,428	206,857	Pinole	12,176	424,339	San Luis Obispo	64,147	1,056,617
McFarland	3,758	49,636	Pismo Beach	10,441	280,963	San Marcos	35,657	879,903
Mendota	4,199	49,566	Pittsburg	40,330	864,526	San Marino	8,789	835,523
Menlo Park	43,974	1,824,440	Placentia	49,739	1,145,095	San Mateo	116,530	3,868,019
Merced	66,813	1,017,124	Placerville	19,510	223,722	San Pablo	13,499	397,472
Millbrae	30,146	808,050	Pleasant Hill	27,378	1,091,335	San Rafael	127,807	2,332,799
Mill Valley	24,487	691,990	Pleasanton	122,745	1,900,704	San Ramon	52,945	1,271,437
Milpitas	71,524	2,267,303	Plymouth	2,451	10,320	Santa Ana	315,674	6,672,991
Modesto	131,797	3,303,551	Point Arena	2,162	9,281	Santa Barbara	129,345	3,271,564
Monrovia	58,646	873,965	Pomona	166,456	2,414,458	Santa Clara	167,016	6,334,582
Montague	2,254	20,485	Porterville	30,262	475,854	Santa Cruz	55,255	1,575,068

TABLE 11—ASSESSED VALUE [a] OF STATE- AND COUNTY-ASSESSED PROPERTY SUBJECT TO GENERAL PROPERTY TAXES INCLUSIVE OF THE HOMEOWNERS' EXEMPTION, BY INCORPORATED CITIES, 1985–86—Concluded

(In thousands of dollars)

City	Assessed value		City	Assessed value		City	Assessed value	
	State	Local		State	Local		State	Local
1	2	3	1	2	3	1	2	3
Santa Fe Springs	74,791	1,882,343	Stockton	247,135	4,315,459	Visalia	89,337	1,566,501
Santa Maria	57,205	1,407,027	Suisun	7,825	299,642	Vista	60,056	1,260,939
Santa Monica	302,020	4,729,394	Sunnyvale	159,323	6,629,855	Walnut	27,713	624,249
Santa Paula	20,576	424,489	Susanville	18,031	134,969	Walnut Creek	110,872	3,505,744
Santa Rosa	178,389	3,519,972	Sutter Creek	4,280	47,707	Wasco	8,199	118,909
Santee	40,618	1,076,568	Taft	15,865	110,044	Waterford	3,112	48,165
Saratoga	28,251	1,528,369	Tehachapi	7,378	75,207	Watsonville	31,174	647,981
Sausalito	13,428	643,717	Tehama	381	6,301	Weed	4,063	46,332
Scotts Valley	14,938	405,563	Temple City	17,376	676,744	West Covina	51,820	2,280,722
Seal Beach	44,008	1,081,632	Thousand Oaks	191,879	4,258,457	West Hollywood	24,683	1,732,996
Seaside	19,436	373,220	Tiburon	9,511	539,504	Westlake Village	8,342	569,272
Sebastopol	10,612	206,559	Torrance	220,562	5,911,308	Westminster	130,523	1,833,111
Selma	16,141	195,331	Tracy	34,044	648,608	Westmorland	456	10,772
Shafter	6,634	84,361	Trinidad	1,584	14,423	Wheatland	2,966	23,079
Sierra Madre	8,679	319,499	Tulare	39,953	526,137	Whittier	99,596	1,953,140
Signal Hill	15,130	625,191	Tulelake	1,552	12,867	Williams	2,036	29,700
Simi Valley	83,776	2,699,006	Turlock	30,655	746,394	Willits	8,855	118,824
Soledad	6,155	68,747	Tustin	44,445	1,782,482	Willows	8,439	89,427
Solvang	12,601	223,843	Ukiah	22,517	317,769	Winters	3,426	55,375
Sonoma	6,750	270,538	Union City	49,980	1,436,436	Woodlake	3,693	46,288
Sonora	13,034	118,693	Upland	71,880	1,613,007	Woodland	31,167	835,470
South El Monte	10,891	460,909	Vacaville	43,945	1,188,341	Woodside	10,344	503,112
South Gate	51,723	1,273,098	Vallejo	84,420	1,732,752	Yorba Linda	41,823	1,571,605
South Lake Tahoe	27,877	1,183,749	Ventura	134,657	3,048,278	Yountville	3,660	58,082
South Pasadena	22,340	732,498	Vernon	73,557	1,388,457	Yreka	11,924	205,731
South San Francisco	61,363	2,548,372	Victorville	71,279	590,393	Yuba City	33,488	534,359
Stanton	42,211	610,674	Villa Park	4,889	332,828			
						Grand totals	$32,831,324	$679,659,755

[a] These values are net of "all other exemptions" (see Table 8) but include the values of the homeowners' exemption because tax rates for the support of city governments are set on assessed valuations which include them and local governments are reimbursed by the State for them.

Note: Detail may not add to total due to rounding.

TABLE 12A—ASSESSED VALUE OF PROPERTY ASSESSED BY THE STATE BOARD OF EQUALIZATION, BY TYPE OF COMPANY, 1985–86

(In thousands of dollars)

Type of company 1	Assessed value 2
UNDER PROVISIONS OF SECTION 751 OF THE REVENUE AND TAXATION CODE	
Telephone and telegraph	$24,585,448
Gas and electric	28,933,867
Intercounty pipelines, flumes, canals, ditches, and aqueducts	1,028,736
Car	19,426
Railroad	2,156,677
Total	$56,724,154
UNDER PRIVATE CAR TAX LAW	
Private cars	407,506
Grand total	$57,131,660

TABLE 12B—ASSESSED VALUE OF PROPERTY ASSESSED BY THE STATE BOARD OF EQUALIZATION AND SUBJECT TO LOCAL TAXATION, BY COMPANY, 1985–86

(In thousands of dollars)

Name of company 1	Assessed value 2
TELEPHONE AND TELEGRAPH COMPANIES	
ALLNET Communication Services, Inc.	$17,334
American Satellite Company	38,031
American Telephone & Telegraph Communications of California, Inc.	1,048,931
American Telephone & Telegraph Interstate Division	462,407
Argo Communications Corporation	7,156
Citizens Utilities Company of California (Telephone)	154,120
Citizens Utilities Company of California (Water)	32,149
Communications Satellite Corporation	18,204
Comsat General Corporation	10,997
Continental Telephone Company of California	465,668
Evans Telephone Company	13,010
G.T.E. Sprint Communications Corporation	435,655
G.T.E. Mobilnet of San Francisco, Limited Partnership	14,317
G.T.E. Satellite Corporation	13,805
Gencom Incorporated	6,000
General Telephone Company of California	4,663,617
Happy Valley Telephone Company	6,000
Hughes Communications Carrier Services, Inc.	6,000
I.T.T. World Communications, Inc.	28,779
Intrastate Radio Telephone, Inc. of San Francisco	12,000
Kerman Telephone Company	6,000
L.A. SMSA Limited (dba Pactel Mobile Access)	31,529
M.C.I. Telecommunications Corporation	191,957
Pacific Bell	16,066,150
Ponderosa Telephone Company, The	14,605
R.C.A. American Communications, Inc.	60,216
R.C.A. Global Communications, Inc.	32,189
Roseville Telephone Company	100,030
Satellite Business Systems	35,000
Sierra Telephone Company, Inc.	21,024
Siskiyou Telephone Company	10,595
Tuolumne Telephone Company	13,824
U.S. Telephone, Inc.	11,206
Volcano Telephone Company, The	14,090
West Coast Telephone Company of California	14,474
Western Union International, Inc.	10,000
Western Union Telegraph Company, The	409,056
117 companies with an assessed value of less than $6,000,000 each	89,323
Total for telephone and telegraph companies *	$24,585,448

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* Includes 62 radio-telephone companies.

TABLE 12B—ASSESSED VALUE OF PROPERTY ASSESSED BY THE STATE BOARD OF EQUALIZATION AND SUBJECT TO LOCAL TAXATION, BY COMPANY, 1985–86—Continued

(In thousands of dollars)

Name of company 1	Assessed value 2
GAS AND ELECTRIC COMPANIES	
Anza Electric Cooperative, Inc	$7,302
C.P. National Corporation	45,010
Pacific Gas and Electric Company	14,217,043
Pacific Lighting Gas Supply Company	549,594
Pacific Power and Light Company	94,196
Plumas-Sierra Rural Electric Co-op	10,208
San Diego Gas and Electric Company	2,786,643
Sierra Pacific Power Company	64,098
Southern California Edison Company	9,498,089
Southern California Gas Company	1,475,202
Southern California Water Company	126,313
Southwest Gas Corporation	50,000
Surprise Valley Electrification Corporation	10,103
Valley Electric Association, Inc.	66
Total for gas and electric companies	$28,933,867
INTERCOUNTY PIPE LINES, FLUMES, CANALS, DITCHES, AND AQUEDUCTS [b]	
Beacon Oil Company	$2,700
Calnev Pipe Line Company	46,071
Casitas Pipeline Company	2,750
Chevron U.S.A., Inc	97,406
City of Riverside	4,604
Cuyama Pipeline Company	1,200
Exxon Company, U.S.A.	1,375
Four Corners Pipeline Company	130,131
Getty Oil Company	92,128
Golden West Refining Company	7,250
Great Western Pipeline Company, Inc	8,337
Homestake Mining Company of California	8,450
Kerr-McGee Chemical Corporation	1,750
Kings County Canal Company	585
Mobil Oil Corporation	78,104
Mobil Oil Corporation/Ventura Pipe Line System	4,550
Powerine Oil Company	1,786
Riverside Highland Water Company	415
San Diego Pipeline Company	18,000
San Luis Canal Company	2,400
Shell California Production, Inc.	10,000
Shell Oil Company	58,011
Southern Pacific Pipe Lines, Inc.	278,071
Standard Gas Company	1,404
Standard Pacific Gas Line, Inc.	26,850
Standard Pipeline Company	7,816
Texaco, Inc.	7,365
Union Oil Company of California	127,350
Vallecitos Pipeline Company	383
West Riverside Canal Company	1,400
2 companies with an assessed value of less than $100,000 each	94
Total for intercounty pipe lines, etc.	$1,028,736

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[b] All other taxable property owned by these companies is locally assessed.

TABLE 12B—ASSESSED VALUE OF PROPERTY ASSESSED BY THE STATE BOARD OF EQUALIZATION AND SUBJECT TO LOCAL TAXATION, BY COMPANY, 1985–86—Concluded

(In thousands of dollars)

Name of company 1	Assessed value 2
CAR COMPANIES [c]	
ACF Industries, Inc., Shippers' Car Line Division	$3
General American Transportation Corporation	3,064
North American Car Corporation	2,342
Pacific Fruit Express Company	2,071
Trailer Train Company	11,881
Union Tank Car Company	65
Total for car companies	$19,426
RAILROAD COMPANIES	
Alameda Belt Line	$2,214
Almanor Railroad Company	250
Amador Central Railroad Company	6,915
Arcata & Mad River Rail Road Company, The	2,450
Atchison, Topeka, & Santa Fe Railway Company, The	483,812
Burlington Northern, Inc.	8,851
California Western Railroad	2,536
Camino, Placerville & Lake Tahoe Railroad Company	3,300
Central California Traction Company	4,149
Eureka Southern Railroad Company, Inc	6,270
Holton Inter-Urban Railway Company	392
Los Angeles Junction Railway Company	13,000
McCloud River Railroad Company	10,336
Modesto & Empire Traction Company	30,472
Northwestern Pacific Railroad Company	23,693
Oakland Terminal Railway, The	708
Parr Terminal Railroad	436
Petaluma & Santa Rosa Railroad Company	3,988
Port Railroads, Inc.	315
Quincy Railroad Company	750
San Diego & Arizona Eastern Railway Company	1,293
San Diego & Imperial Valley Railroad Company	1,293
Santa Maria Valley Railroad Company	4,122
Sierra Railroad Company	4,518
Southern Pacific Transportation Company	1,231,041
Stockton Terminal & Eastern Railroad	13,500
Sunset Railway Company	1,145
Trona Railway Company	17,118
Union Pacific Corporation	272,181
Ventura County Railway Company	3,079
Visalia Electric Railroad Company	834
Yreka Western Railroad Company	1,716
Total for railroad companies	$2,156,677

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[c] Property at fixed locations which is not subject to the private car tax. Excludes the value of private cars operated on the railroads, for which see Table 17A

TABLE 13—ASSESSMENT RATIOS, "COLLIER FACTORS", AND COEFFICIENTS OF DISPERSION

Determination of ratios was suspended by the Board in 1978–79 due to lack of data needed to ascertain the proper assessed values under Proposition 13 passed at the June 6, 1978 general election. Since the coefficients of dispersion currently available to the Board are based upon pre-Proposition 13 assessment criteria, their publication has also been suspended until completion of new surveys.

TABLE 14—1984–85 GENERAL PROPERTY TAX LEVIES AS COMPILED FOR COMPUTATION OF THE AVERAGE TAX RATE

(Levies and assessed values in thousands of dollars)

County	Net taxable [a] assessed value	Property tax allocations and levies [b]					Average tax rate	
		City	County [c]	School [c]	Other [d] district	Total [d]	1984–85	1983–84
1	2	3	4	5	6	7	8	9
Alameda	$33,338,613	$94,998	$118,600	$109,975	$92,258	$415,831	1.247%	1.260%
Alpine	125,873	—	939	260	98	1,297	1.030	1.066
Amador	928,064	381	4,253	4,841	231	9,706	1.046	1.028
Butte	4,382,930	3,718	10,453	26,822	5,490	46,483	1.061	1.066
Calaveras	1,129,875	78	3,454	7,019	1,874	12,425	1.100	1.107
Colusa	1,138,372	444	4,357	6,060	1,019	11,880	1.044	1.049
Contra Costa	28,276,237	36,401	78,749	107,952	98,624	321,726	1.138	1.151
Del Norte	444,631	92	1,432	2,449	630	4,603	1.035	1.029
El Dorado	4,160,876	3,061	13,963	18,834	9,970	45,828	1.101	1.116
Fresno	17,036,560	24,857	59,148	78,795	23,579	186,379	1.094	1.114
Glenn	1,002,773	649	3,490	5,867	645	10,651	1.062	1.064
Humboldt	2,866,282	2,630	10,730	14,530	4,551	32,441	1.132	1.151
Imperial	2,309,129	3,296	8,000	12,025	1,663	24,984	1.082	1.083
Inyo	961,270	217	3,638	5,268	848	9,971	1.037	1.050
Kern	27,947,294	13,791	119,755	126,376	33,336	293,258	1.049	1.058
Kings	2,290,514	1,721	11,077	9,070	2,274	24,142	1.054	1.085
Lake	2,479,312	661	9,221	11,140	4,345	25,367	1.023	1.017
Lassen	655,585	311	2,000	4,124	498	6,933	1.058	1.103
Los Angeles	235,273,524	498,965	1,087,717	565,650	443,196	2,595,528	1.103	1.123
Madera	2,613,474	1,201	7,410	16,938	2,421	27,970	1.070	1.077
Marin	9,910,123	13,085	29,495	44,603	18,756	105,939	1.069	1.080
Mariposa	502,489	—	1,711	3,052	284	5,047	1.004	1.005
Mendocino	2,324,322	895	10,717	12,292	1,624	25,528	1.098	1.116
Merced	4,087,503	3,560	16,594	18,376	4,534	43,064	1.054	1.058
Modoc	456,703	158	1,769	2,514	300	4,741	1.038	1.024
Mono	1,167,274	—	5,029	4,006	3,379	12,414	1.064	1.075
Monterey	10,006,963	10,340	28,158	51,970	13,817	104,285	1.042	1.044
Napa	3,612,728	4,390	11,283	20,735	3,318	39,726	1.100	1.123
Nevada	2,609,290	847	7,518	13,766	5,862	27,993	1.073	1.085
Orange	83,121,662	111,936	169,466	485,179	191,682	958,263	1.153	1.158
Placer	5,625,370	3,158	17,832	28,984	10,376	60,350	1.073	1.100
Plumas	1,161,413	122	3,259	6,807	1,555	11,743	1.011	1.012
Riverside	25,454,791	23,456	77,864	114,936	77,217	293,473	1.153	1.140
Sacramento	21,741,446	27,310	86,055	74,020	53,505	240,890	1.108	1.113
San Benito	902,564	561	1,971	6,317	1,609	10,458	1.159	1.160
San Bernardino	27,048,338	30,148	85,694	108,351	91,570	315,763	1.167	1.199
San Diego	64,150,767	98,901	169,488	364,157	66,862	699,408	1.090	1.112
San Francisco	28,809,361	—	279,147	28,252	21,463	328,862	1.142	1.153
San Joaquin	10,623,219	14,852	43,758	38,484	15,563	112,657	1.060	1.071
San Luis Obispo	7,815,869	6,352	27,980	44,715	4,784	83,831	1.073	1.099
San Mateo	26,022,708	37,071	67,146	136,681	28,456	269,354	1.035	1.050
Santa Barbara	12,083,972	7,149	37,678	61,688	21,382	127,897	1.058	1.069
Santa Clara	52,712,255	72,708	156,552	298,921	89,036	617,217	1.171	1.175
Santa Cruz	6,628,457	5,054	19,075	37,525	8,678	70,332	1.061	1.066
Shasta	3,975,655	3,394	11,214	25,214	3,524	43,346	1.090	1.080
Sierra	184,923	38	1,167	463	204	1,872	1.012	1.015
Siskiyou	1,349,431	1,164	4,793	7,118	720	13,795	1.022	1.021
Solano	7,126,248	14,690	27,993	26,391	10,823	79,897	1.121	1.123
Sonoma	12,833,617	10,849	49,594	65,676	11,193	137,312	1.070	1.073
Stanislaus	7,753,237	6,945	20,402	49,404	4,299	81,050	1.045	1.055
Sutter	2,097,741	1,665	7,532	10,758	1,906	21,861	1.042	1.040
Tehama	1,274,232	865	4,958	7,224	522	13,569	1.065	1.078
Trinity	394,970	—	1,521	2,326	245	4,092	1.036	1.051
Tulare	6,189,861	4,740	26,966	27,463	5,028	64,197	1.037	1.047
Tuolumne	1,367,574	216	5,609	7,464	1,096	14,385	1.052	1.057
Ventura	20,485,775	18,113	64,103	90,314	58,451	230,981	1.128	1.139
Yolo	3,659,271	6,294	12,329	18,178	4,758	41,559	1.136	1.140
Yuba	1,160,355	690	4,824	5,923	1,492	12,929	1.114	1.123
Totals	$847,793,665	$1,229,188	$3,156,630	$3,484,242	$1,567,423	$9,437,483	1.113%	1.126%

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[a] These are the assessed values on which general property taxes were actually levied in 1984–85. Excluded are exemptions totaling $48,384,644,000 as follows: homeowners', $29,801,239,000; and all other, $18,583,405,000.

[b] The county levies at a rate of 1 percent of assessed value have been allocated among the jurisdictions receiving a portion of those levies. Excluded are the State reimbursements to local governments of $331,919,000 for the homeowners' exemption described in footnote a. Reimbursements for the exemption of business inventories were eliminated beginning with the 1984–85 year.

[c] County levies for school purposes such as junior college tuition and countywide school levies are included with school levies.

[d] Includes debt levies on land and/or improvements only. Also includes the portion of the 1 percent levy allocated to jurisdictions previously taxing less than total property.

TABLE 15—1984–85 GENERAL PROPERTY TAX DOLLAR [a], BY COUNTY

County	Property tax dollars				
	City	County [b]	School purpose [b]	Other districts	Total
1	2	3	4	5	6
Alameda	$.23	$.29	$.26	$.22	$1.00
Alpine	—	.72	.20	.08	1.00
Amador	.04	.44	.50	.02	1.00
Butte	.08	.22	.58	.12	1.00
Calaveras	.01	.28	.56	.15	1.00
Colusa	.04	.37	.50	.09	1.00
Contra Costa	.11	.24	.34	.31	1.00
Del Norte	.02	.31	.53	.14	1.00
El Dorado	.07	.30	.41	.22	1.00
Fresno	.13	.32	.42	.13	1.00
Glenn	.06	.33	.55	.06	1.00
Humboldt	.08	.33	.45	.14	1.00
Imperial	.13	.32	.48	.07	1.00
Inyo	.02	.36	.53	.09	1.00
Kern	.05	.41	.43	.11	1.00
Kings	.07	.46	.38	.09	1.00
Lake	.03	.36	.44	.17	1.00
Lassen	.04	.29	.60	.07	1.00
Los Angeles	.19	.42	.22	.17	1.00
Madera	.04	.26	.61	.09	1.00
Marin	.12	.28	.42	.18	1.00
Mariposa	—	.34	.60	.06	1.00
Mendocino	.04	.42	.48	.06	1.00
Merced	.08	.39	.43	.10	1.00
Modoc	.03	.38	.53	.06	1.00
Mono	—	.41	.32	.27	1.00
Monterey	.10	.27	.50	.13	1.00
Napa	.11	.29	.52	.08	1.00
Nevada	.03	.27	.49	.21	1.00
Orange	.12	.18	.50	.20	1.00
Placer	.05	.30	.48	.17	1.00
Plumas	.01	.28	.58	.13	1.00
Riverside	.08	.27	.39	.26	1.00
Sacramento	.11	.36	.31	.22	1.00
San Benito	.05	.19	.61	.15	1.00
San Bernardino	.10	.27	.34	.29	1.00
San Diego	.14	.24	.52	.10	1.00
San Francisco	—	.85	.09	.06	1.00
San Joaquin	.13	.39	.34	.14	1.00
San Luis Obispo	.08	.33	.53	.06	1.00
San Mateo	.14	.25	.51	.10	1.00
Santa Barbara	.06	.29	.48	.17	1.00
Santa Clara	.12	.25	.49	.14	1.00
Santa Cruz	.07	.27	.54	.12	1.00
Shasta	.08	.26	.58	.08	1.00
Sierra	.02	.62	.25	.11	1.00
Siskiyou	.08	.35	.52	.05	1.00
Solano	.18	.35	.33	.14	1.00
Sonoma	.08	.36	.48	.08	1.00
Stanislaus	.09	.25	.61	.05	1.00
Sutter	.08	.34	.49	.09	1.00
Tehama	.06	.37	.53	.04	1.00
Trinity	—	.37	.57	.06	1.00
Tulare	.07	.42	.43	.08	1.00
Tuolumne	.01	.39	.52	.08	1.00
Ventura	.08	.28	.39	.25	1.00
Yolo	.15	.30	.44	.11	1.00
Yuba	.05	.37	.46	.12	1.00
Average	$.13	$.33	$.37	$.17	$1.00

[a] Includes special assessments levied on limited categories of property to finance activities from which such properties derived special benefits.

[b] County levies for school purposes such as junior college tuition and countywide school levies are included with school levies.

TABLE 16—Discontinued.

In previous reports this table presented data on several types of property which received special tax treatment, such as private aircraft, documented vessels, and baled cotton.

TABLE 17A—ASSESSED VALUE OF PRIVATE CARS ASSESSED BY THE STATE BOARD OF EQUALIZATION AND SUBJECT TO EXCLUSIVE STATE TAXATION, BY COMPANY, 1985–86

Name of company 1	Assessed value (in thousands) 2	Amount of tax 3
PRIVATE CARS		
ACF Industries, Incorporated	$26,950	$296,989
ADM Transportation Company	4,963	54,698
Allied Corporation	1,841	20,282
Amoco Chemicals Corporation	1,295	14,269
Amstar Corporation	743	8,185
Andrews Gas Liquids Services/Leasco	843	9,292
California Railcar Corporation	1,251	13,789
Celtran, Incorporated	1,728	19,040
Chevron USA, Incorporated	7,424	81,807
Chicago Freight Car Leasing Company	1,266	13,952
Columbian Chemicals Company	623	6,860
Combustion Engineering, Incorporated	2,189	24,128
Conoco	1,536	16,930
Crystal Car Line, Incorporated	1,544	17,018
Dow Chemical Company, The	6,677	73,577
E. I. Du Pont de Nemours and Company	4,719	52,005
Ethyl Corporation	514	5,666
Evans Railcar Leasing Company	3,907	43,059
Exxon Chemical Americas	2,691	29,653
Exxon Company USA	1,960	21,594
FMC Corporation, Industrial Chemical Group	504	5,556
Foster Poultry Farms, Incorporated	695	7,655
GLNX Corporation	864	9,519
General American Transportation Corporation	44,431	489,626
Georgia-Pacific Corporation (Plaquemine Division)	898	9,894
Goodrich, B. F., c/o U.S. Rail Service, Incorporated	531	5,855
Granite Rock Company	1,576	17,372
Gulf Oil Corporation	736	8,112
Kaiser Cement Corporation	507	5,584
Kerr-McGee Chemical Corporation	2,976	32,790
Koppers Company, Incorporated	1,770	19,503
Lamco, Incorporated	648	7,139
MBF Industries, Incorporated	735	8,103
Mobil Oil Corporation	3,183	35,073
Monsanto Company	1,990	21,926
North American Car Corporation	25,732	283,565
Northern Petrochemical Company	1,171	12,903
Occidental Chemical Corporation	1,101	12,137
Phillips Petroleum Company	1,941	21,387
Pullman Leasing Company	7,975	87,884
RAILGON Company	1,062	11,701
Rail Box Company	16,781	184,928
Railtex, Incorporated	1,127	12,423
Richmond Leasing Company	5,250	57,857
Salt River Project	672	7,401
Shell Oil Company	5,651	62,273
Shintech, Incorporated	512	5,648
Soltex Polymer Corporation	501	5,520
Stauffer Chemical Company	729	8,035
Tennessee Eastman Company, Division of Eastman Kodak Company	1,060	11,686
Tosco Corporation	674	7,427
Trailer Train Company	130,274	1,435,623
Transportation Corporation of America	645	7,109
Trinity Industries Leasing Company	2,604	28,696
Union Carbide Corporation	2,240	24,688
Union Sugar Company	872	9,609
Union Tank Car Company	37,648	414,881
United Equipment Leasing Associates	2,164	23,851
United States Leasing International, Incorporated	2,345	25,842
United States Rail Services, Incorporated	1,377	15,179
Vulcan Materials Company, Chemicals Division	621	6,842
WFIX Partners	1,399	15,414
168 other companies with an assessed value under $500,000 each	16,670	183,708
Totals for private cars	$407,506	$4,490,717

TABLE 17B—PRIVATE CAR TAX ASSESSMENTS, TAX RATES, AND TAX LEVIES, 1938–40 TO 1985–86

Fiscal year	Average number of cars	Assessed value [a] (000 omitted)	Average assessed value per car [a]	Tax rate per $100 assessed value [b]	Amount of tax [c] (000 omitted)
1	2	3	4	5	6
1985–86	21,159	$407,506	$19,259	$1 102	$4,491
1984–85	21,526	515,750	23,959	1.115	5,751
1983–84	22,596	554,614	24,545	1.119	6,206
1982–83	18,688	581,697	31,127	1.13	6,573
1981–82	16,142	528,235	32,724	1.14	6,022
1980–81	16,143	109,696	6,795	4.62	5,068
1979–80	14,514	90,701	6,249	4.70	4,263
1978–79	17,483	87,393	4,999	4.85	4,239
1977–78	18,388	78,154	4,213	11.19	8,754
1976–77	18,962	78,660	4,148	11.33	8,915
1975–76	18,003	75,652	4,202	11.24	8,505
1974–75	18,648	71,251	3,801	11.15	7,946
1973–74	17,111	64,101	3,681	11.44	7,334
1972–73	15,157	50,255	3,316	11.43	5,701
1971–72	14,977	44,196	2,951	10.85	4,552
1970–71	15,091	41,766	2,768	9.93	4,148
1969–70	15,088	39,809	2,638	9.39	3,739
1968–69	14,756	43,421	2,943	8.90	3,865
1967–68	14,559	37,627	2,584	7.79	2,931
1966–67	13,872	32,986	2,378	7.51	2,477
1965–66	14,436	30,243	2,095	7.29	2,205
1964–65	14,534	28,855	1,985	6.99	2,017
1963–64	14,562	26,679	1,832	6.92	1,846
1962–63	15,639	26,506	1,695	6.82	1,808
1961–62	16,182	26,807	1,657	6.54	1,753
1960–61	16,055	25,894	1,613	6.44	1,668
1959–60	15,953	25,848	1,620	6.24	1,613
1958–59	16,867	30,573	1,813	5.60	1,712
1957–58	17,108	29,826	1,743	5.33	1,590
1956–57	17,168	27,435	1,598	5.19	1,424
1955–56	17,644	26,136	1,481	5.09	1,330
1954–55	17,993	26,534	1,475	4.90	1,301
1953–54	17,092	25,378	1,485	4.81	1,222
1952–53	16,051	23,524	1,466	4.79	1,127
1951–52	16,511	21,974	1,331	4.95	1,089
1950–51	17,068	19,186	1,124	4.64	891
1945–50	16,382	17,426 [d]	1,064	3.99	3,510
1940–45	13,259	12,630 [d]	953	3.63	2,286
1938–40	13,734	11,579 [d]	843	3.66	848

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[a] Includes materials and supplies held, stored, or used in the State for the purpose of repairing, improving, servicing, or operating the cars. Escape assessments for prior years are not included in the computation of the average assessed value per car.

[b] Based on the statewide average tax rate for the preceding year

The ratio of assessed value to taxable value was changed to 100 percent (from 25 percent) beginning with the lien date for 1981-82 and the tax rate was adjusted downward proportionately

[c] Includes interest, penalties and escape assessments from prior years.

[d] Average total assessed value for the period

TABLE 18—STATE SALES AND USE TAX COLLECTIONS AND NUMBER OF PERMITS, 1933–35 TO 1984–85
(Collections in thousands of dollars)

Fiscal year	Collections[a]			Number of outstanding permits[c]
	Taxes	Fees[b]	Total	
1	2	3	4	5
1984–85	$9,797,612	$501	$9,798,113	784,248
1983–84	8,797,924	498	8,798,422	764,366
1982–83	7,795,554	475	7,796,029	763,685
1981–82	7,689,139	448	7,689,587	724,352
1980–81	7,131,482	409	7,131,891	673,876
1979–80	6,658,425	365	6,658,790	658,822
1978–79	5,810,484	310	5,810,794	634,758
1977–78	5,028,658	308	5,028,966	598,477
1976–77	4,311,426	272	4,311,698	571,659
1975–76	3,737,838	252	3,738,090	536,545
1974–75	3,372,966	231	3,373,197	510,232
1973–74	2,673,570[d]	205	2,673,775[d]	484,655
1972–73	2,197,083[e]	193	2,197,276[e]	472,457
1971–72	1,991,992	193	1,992,185	452,033
1970–71	1,796,956	186	1,797,142	437,731
1969–70	1,751,658	171	1,751,829	420,766
1968–69	1,634,612	156	1,634,768	412,563
1967–68	1,389,943[f]	145	1,390,088[f]	399,100
1966–67	1,053,251	138	1,053,389	395,321
1965–66	1,096,165[g]	145	1,096,310[g]	389,115
1964–65	939,651	146	939,797	377,746
1963–64	876,946	128	877,074	369,261
1962–63	813,313	120	813,433	360,976
1961–62	749,375	117	749,492	353,520
1960–61	710,931	119	711,050	351,727
1959–60	709,749	118	709,867	342,322
1958–59	631,409	115	631,524	333,998
1957–58	605,208	102	605,310	326,124
1956–57	599,789	102	599,891	320,486
1955–56[h]	564,348	103	564,451	310,780
1954–55	492,879	108	492,987	305,537
1953–54	464,969	107	465,076	298,108
1952–53	460,196	98	460,294	289,620
1951–52	417,326	95	417,421	285,659
1950–51	398,261	101	398,362	285,598
1945–50	1,316,653[i]	615	1,317,268[i]	270,231
1940–45	665,100[j]	303	665,403[j]	179,067
1935–40	426,422[k]	518[l]	426,940[k]	186,473[m]
1933–35	89,661[n]	282	89,943[n]	185,748

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[a] Collections include taxes, fees, interest, and penalties less refunds. Tax collections in one quarter are based mainly on taxable transactions during the preceding quarter. Transfers from the Motor Vehicle Fuel Fund of sales taxes on gasoline subject to refund of fuel tax are included.

[b] The $1 fee for issuance of a seller's permit was eliminated effective July 1, 1966, and the reinstatement fee for a revoked permit was set at $15. Prior to that date, a $25 fee was required for reinstatement of a permit revoked for the third time within any two-year period.

[c] As of December 31 for each fiscal year.

[d] Effective July 1, 1973, the state tax rate was increased from 3¾ percent to 4¾ percent. On October 1, 1973 the tax rate was reduced to 3¾ percent for six months. Effective April 1, 1974 the tax rate was again increased to 4¾ percent.

[e] Effective July 1, 1972, the state tax rate was decreased from 4 percent to 3¾ percent.

[f] Effective August 1, 1967, the state tax rate was increased from 3 percent to 4 percent.

[g] Includes almost $100 million resulting from legislation effective August 1, 1965, requiring some 24,000 taxpayers with monthly taxable sales of $17,000 or more to prepay their quarterly sales and use tax.

[h] The Board began to administer the Bradley-Burns Local Sales and Use Tax Law effective April 1, 1956, at a rate of 1 percent. The law provided for local option and thus it was not adopted by all cities and counties until January 1, 1962. See Table 21C for details.

[i] Effective July 1, 1949, the tax rate was increased from 2½ percent to 3 percent.

[j] Effective July 1, 1943, the tax rate was reduced from 3 percent to 2½ percent and substantial additions were made to the list of exempt transactions.

[k] Effective July 1, 1935, the tax rate was increased from 2½ percent to 3 percent; sales of food for human consumption, except when served as meals, were exempted; and a 3 percent use tax was imposed.

[l] All outstanding licenses expired on July 31, 1935, and were reissued only after payment of a fee of $1 if renewed on or before July 31st and $1.50 if renewed thereafter.

[m] Effective July 1, 1939, all persons selling tangible personal property of a kind whose retail sale is subject to tax were required to secure a permit for each of their outlets, whether or not they engaged in the business of making retail sales. Prior to this time, only retailers were required to secure permits.

[n] The state sales tax was first imposed August 1, 1933 at a rate of 2½ percent.

TABLE 19—STATE SALES AND USE TAX STATISTICS, BY TYPE OF BUSINESS, 1984–85

Type of business	Taxable transactions [a]			State sales tax (in thousands)	Number of permits on June 30, 1985 [b]
	Amount (in thousands)	Percent of total	Percent change from year to year		
1	2	3	4	5	6
Retail Stores					
Women's apparel	$2,189,591	1.09%	7.4%	$104,006	8,763
Men's apparel	1,013,451	0.50	3.9	48,139	2,583
Family apparel	1,622,670	0.81	11.4	77,077	4,913
Shoes	1,461,496	0.73	3.2	69,421	4,343
Apparel stores group	6,287,208	3.12	6.8	298,642	20,602
Limited-price variety	600,713	0.30	7.5	28,534	907
Department and dry goods	16,461,762	8.17	10.6	781,934	3,550
Drug stores [c]	3,658,356	1.82	8.4	173,772	4,405
Other general merchandise	482,725	0.24	0.5	22,929	1,512
General merchandise stores	21,203,556	10.52	9.9	1,007,169	10,374
Gifts, art goods, and novelties	776,267	0.39	8.9	36,873	7,483
Sporting goods	1,121,621	0.56	8.9	53,277	4,618
Florists	468,631	0.23	12.8	22,260	3,801
Photographic equipment and supplies	413,341	0.21	3.1	19,634	1,055
Musical instruments	1,309,897	0.65	19.4	62,220	2,668
Stationery and books	1,732,096	0.86	12.2	82,275	5,854
Jewelry	1,039,096	0.52	8.2	49,357	4,515
Office, store, and school supplies	4,523,755	2.25	3.9	214,878	5,456
Other specialties	3,816,579	1.89	17.9	181,288	24,078
Specialty stores group	15,201,283	7.54	10.5	722,061	59,528
Food stores selling all types of liquors [c]	9,059,007	4.50	4.9	430,303	4,634
All other food stores [c]	3,080,043	1.53	8.3	146,302	17,374
Packaged liquor stores	1,902,327	0.94	−3.5	90,361	5,622
Eating places: no alcoholic beverages	6,408,993	3.18	9.3	304,427	27,840
Eating places: beer and wine	3,862,097	1.92	10.2	183,450	18,622
Eating and drinking: all types of liquor	6,386,211	3.17	6.4	303,345	11,172
Eating and drinking group	16,657,301	8.27	8.4	791,222	57,634
Household and home furnishings	3,666,463	1.82	7.6	174,157	15,399
Household appliance dealers	2,565,189	1.27	11.2	121,846	4,512
Second-hand merchandise	212,434	0.11	6.9	10,091	3,855
Farm implement dealers	1,173,677	0.58	4.5	55,750	1,162
Farm and garden supply stores	1,019,229	0.51	1.3	48,413	3,460
Fuel and ice dealers	320,611	0.16	−1.4	15,229	736
Lumber and building materials	5,046,533	2.50	9.4	239,710	3,911
Hardware stores	1,672,086	0.83	7.4	79,424	2,237
Plumbing and electrical supplies	1,001,627	0.50	11.6	47,577	1,396
Paint, glass, and wallpaper	814,238	0.40	4.6	38,676	1,915
Building material group	8,534,484	4.24	8.8	405,388	9,459
New motor vehicle dealers	20,491,395	10.17	14.2	973,341	2,448
Used motor vehicle dealers	1,279,387	0.63	12.6	60,771	4,191
Automotive supplies and parts	2,714,477	1.35	5.5	128,938	8,427
Service stations	14,092,318	6.99	1.5	669,385	13,617
Mobile homes, trailers, and campers	720,304	0.36	−3.6	34,214	1,260
Boat, motorcycle, and plane dealers	1,209,569	0.60	5.9	57,455	2,584
Automotive group	40,507,450	20.10	8.2	1,924,104	32,527
Retail Stores Totals	**$131,390,262**	**65.21%**	**8.2%**	**$6,241,037**	**246,878**
Business and Personal Services	**8,398,807**	**4.17**	**12.1**	**398,943**	**92,465**
All Other Outlets	**61,709,064**	**30.63**	**12.8**	**2,931,181**	**469,206**
Totals All Outlets	**$201,498,133**	**100.00%**	**9.8%**	**$9,571,161 [d]**	**808,549**
HISTORICAL DATA					
Comparable data for all outlets:					
1983–84	$183,572,544	–	15.9	$8,719,696	783,718
1982–83	158,434,757	–	2.1	7,525,651	764,815
1981–82	155,124,201	–	4.0	7,368,400	740,577
1980–81	149,196,635	–	7.8	7,086,840	698,080

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[a] Sales or purchases made with minor exceptions during the fiscal year as reported on returns received from Aug. 7, 1984 through Aug. 6, 1985.

[b] A separate permit is required for each outlet of each person selling tangible personal property of a kind whose retail sale is subject to tax.

[c] Only sales subject to sales and use tax are tabulated. Excluded are sales of food for home consumption and prescription medicines.

[d] In addition, the Board assessed state taxes of $202,232,000 and penalties and interest of $41,508,000.

TABLE 20—STATE SALES AND USE TAX STATISTICS, BY COUNTY, 1984–85

County	Taxable sales of retail stores (in thousands)	Taxable sales of all outlets[a]			State tax (in thousands)	Number of permits on June 30, 1985[b]
		Amount (in thousands)	Percent of total	Percent change from 1983–84		
1	2	3	4	5	6	7
Alameda	$6,053,559	$9,666,102	4.80	12.2	$459,140	36,813
Alpine	3,062	8,437[c]	[c]	[c]	401	48
Amador	86,482	121,469	0.06	7.1	5,770	1,224
Butte	731,854	944,961	0.47	7.4	44,886	5,189
Calaveras	64,977	91,598	0.04	6.0	4,351	1,103
Colusa	57,194	119,528	0.06	10.5	5,678	497
Contra Costa	3,801,117	5,064,996	2.51	9.7	240,587	20,108
Del Norte	52,789	73,672	0.04	−4.7	3,499	727
El Dorado	414,349	525,333	0.26	6.5	24,953	4,185
Fresno	2,835,846	3,990,565	1.98	5.0	189,552	15,693
Glenn	72,520	122,601	0.06	4.8	5,824	714
Humboldt	505,285	687,149	0.34	2.3	32,640	4,271
Imperial	408,072	605,444	0.30	14.9	28,759	2,813
Inyo	101,690	135,348	0.07	−5.8	6,429	876
Kern	2,291,380	3,733,175	1.85	5.5	177,326	12,450
Kings	341,814	445,062	0.22	4.5	21,140	1,806
Lake	159,023	251,378	0.12	14.1	11,940	1,559
Lassen	66,463	95,663	0.05	−1.9	4,544	861
Los Angeles	39,006,725	60,279,687	29.92	10.1	2,863,285	244,324
Madera	226,698	364,836	0.18	1.6	17,330	2,002
Marin	1,288,846	1,755,643	0.87	6.3	83,393	9,873
Mariposa	24,181	70,069	0.03	4.2	3,328	521
Mendocino	336,693	458,671	0.23	3.5	21,787	2,996
Merced	554,940	783,754	0.39	6.2	37,228	3,215
Modoc	30,560	41,468	0.02	−1.2	1,970	401
Mono	60,197	84,181	0.04	3.7	3,999	587
Monterey	1,603,246	2,101,436	1.04	10.1	99,818	8,610
Napa	466,975	687,401	0.34	10.1	32,651	3,429
Nevada	243,378	352,126	0.17	7.1	16,726	3,097
Orange	12,546,826	19,529,954	9.69	11.1	927,673	76,640
Placer	774,553	1,020,265	0.51	10.5	48,463	5,184
Plumas	67,341	94,257	0.05	5.1	4,477	986
Riverside	3,849,166	5,192,358	2.58	12.6	246,637	23,618
Sacramento	4,813,245	6,828,538	3.39	12.2	324,356	23,895
San Benito	85,978	152,010	0.08	16.2	7,220	741
San Bernardino	4,719,886	6,518,370	3.23	14.1	309,623	30,694
San Diego	10,278,183	14,586,674	7.24	13.4	692,867	56,616
San Francisco	4,096,650	6,796,605	3.37	7.4	322,839	30,021
San Joaquin	1,824,186	2,547,004	1.26	6.8	120,983	9,329
San Luis Obispo	919,016	1,204,548	0.60	11.0	57,216	6,448
San Mateo	3,855,511	6,196,446	3.07	11.3	294,331	20,539
Santa Barbara	1,767,638	2,390,232	1.19	7.5	113,536	11,728
Santa Clara	8,442,970	13,993,195	6.94	8.0	664,677	42,370
Santa Cruz	994,847	1,307,125	0.65	9.5	62,088	7,418
Shasta	656,099	873,674	0.43	5.7	41,499	4,582
Sierra	6,712	9,996	0.01	−7.0	475	144
Siskiyou	149,900	213,566	0.11	2.7	10,144	1,807
Solano	1,128,733	1,446,924	0.72	8.9	68,729	5,926
Sonoma	1,732,593	2,494,359	1.24	10.0	118,482	11,679
Stanislaus	1,432,845	1,996,108	0.99	9.0	94,815	8,302
Sutter	251,686	334,553	0.17	2.3	15,891	1,629
Tehama	168,747	216,530	0.11	3.0	10,285	1,305
Trinity	28,168	40,934	0.02	−1.4	1,944	556
Tulare	1,087,431	1,546,781	0.77	4.4	73,472	7,107
Tuolumne	160,262	215,748	0.11	16.4	10,248	1,998
Ventura	2,736,646	3,724,623	1.85	9.4	176,920	16,691
Yolo	555,127	890,576	0.44	11.6	42,302	3,219
Yuba	179,716	239,841	0.12	6.1	11,392	1,393
Statewide	189,686	5,234,586	2.60	2.1	248,643	5,992
Totals	$131,390,262	$201,498,133	100.00	9.8	$9,571,161[d]	808,549

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[a] Sales or purchases made, with minor exceptions, during the fiscal year, as reported on returns received from Aug. 7, 1984 through Aug. 6, 1985.

[b] A separate permit is required for each outlet at which retail sales are made of any kind of tangible personal property which is subject to tax.

[c] Percentage change not shown for Alpine County because its small base, 0.004% of the statewide total, is subject to violent fluctuations that are not regarded as significant.

[d] In addition, the Board assessed state taxes of $202,232,000 and penalties and interest of $41,506,000.

TABLE 21A—REVENUES DISTRIBUTED TO CITIES AND COUNTIES FROM LOCAL SALES AND USE TAXES AND THE STATE CIGARETTE TAX, 1984–85

(In dollars)

Jurisdiction	Revenue distributed	
	Local sales and use taxes	State cigarette tax
1	2	3
Alameda County	9,311,244	367,113
Alameda	3,065,422	177,532
Albany	1,014,578	43,106
Berkeley	7,738,803	311,529
Dublin	3,755,288	97,813
Emeryville	2,224,596	47,319
Fremont	10,744,931	421,326
Hayward	12,817,155	390,308
Livermore	2,411,735	127,466
Newark	3,059,355	112,750
Oakland	25,520,390	1,033,382
Piedmont	75,839	18,341
Pleasanton	3,285,210	120,287
San Leandro	11,732,004	316,842
Union City	2,498,942	118,265
Total	99,255,492	3,703,379
Alpine County	87,701	3,313
Amador County	626,030	21,151
Amador	5,537	331
Ione	78,100	5,273
Jackson	452,379	12,538
Plymouth	33,888	1,720
Sutter Creek	176,555	5,997
Total	1,372,489	47,010
Butte County	2,904,186	115,403
Biggs	14,211	2,574
Chico	3,592,021	114,528
Gridley	401,321	14,418
Oroville	1,855,344	49,587
Paradise	868,785	54,955
Total	9,635,868	351,465
Calaveras County	668,897	26,376
Angels	262,094	8,576
Total	930,991	34,952
Colusa County	402,640	16,612
Colusa	716,579	19,829
Williams	163,286	5,917
Total	1,282,505	42,358
Contra Costa County	6,851,887	273,936
Antioch	2,773,714	125,767
Brentwood	291,209	13,460
Clayton	66,599	8,368
Concord	12,292,242	393,531
Danville	1,263,357	105,595
El Cerrito	1,662,577	67,516
Hercules	65,737	12,981
Lafayette	1,318,540	65,352
Martinez	1,202,814	62,597
Moraga	424,219	32,445
Pinole	946,296	40,799
Pittsburg	1,433,755	88,099
Pleasant Hill	3,689,407	112,386
Richmond	6,077,351	228,678
San Pablo	1,400,275	61,252
San Ramon	1,274,267	76,273
Walnut Creek	7,763,574	238,630
Total	50,797,820	2,007,665
Del Norte County	242,805	10,016
Crescent City	535,160	15,505
Total	777,965	25,521
El Dorado County	1,906,049	74,852
Placerville	1,465,196	38,446
South Lake Tahoe	2,026,594	72,655
Total	5,397,839	185,953
Fresno County	5,099,218	202,309
Clovis	2,529,032	107,033
Coalinga	468,327	20,923
Firebaugh	357,656	13,164
Fowler	165,232	7,463
Fresno	27,815,708	943,450
Huron	104,554	7,595
Kerman	371,965	13,659
Kingsburg	267,425	14,337
Mendota	242,717	14,113
Orange Cove	92,024	8,785
Parlier	118,139	11,932
Reedley	806,791	35,812
Sanger	816,882	37,237
San Joaquin	124,437	5,742
Selma	1,206,478	42,449
Total	40,586,585	1,486,003
Glenn County	436,844	17,258
Orland	399,455	14,540
Willows	381,322	15,368
Total	1,217,621	47,166
Humboldt County	1,386,702	54,835
Arcata	823,573	39,449
Blue Lake	8,249	2,209
Eureka	4,133,313	116,064
Ferndale	68,804	3,672
Fortuna	594,663	24,183
Rio Dell	52,297	5,450
Trinidad	26,372	1,130
Total	7,094,173	246,992
Imperial County	1,132,848	44,391
Brawley	966,406	45,953
Calexico	1,195,541	47,401
Calipatria	126,209	6,610
El Centro	2,215,470	83,481
Holtville	121,047	9,767
Imperial	253,532	10,573
Westmorland	61,011	3,951
Total	6,072,064	252,127
Inyo County	535,617	22,454
Bishop	901,134	21,961
Total	1,436,751	44,415
Kern County	14,928,659	616,261
Arvin	291,696	17,504
Bakersfield	18,071,614	540,928
California City	36,255	5,486
Delano	1,169,680	51,324
Maricopa	32,263	2,560
McFarland	82,511	11,386
Ridgecrest	1,315,496	59,725
Shafter	382,247	19,242
Taft	1,037,810	28,360
Tehachapi	649,601	18,580
Wasco	444,549	25,441
Total	38,442,381	1,396,797
Kings County	1,134,919	45,699
Avenal	149,838	9,707
Corcoran	590,998	21,974
Hanford	2,246,242	78,830
Lemoore	470,630	25,974
Total	4,592,627	182,184
Lake County	1,701,074	63,003
Clearlake	593,107	32,102
Lakeport	536,767	16,556
Total	2,830,948	111,661
Lassen County	347,443	13,925
Susanville	688,065	23,192
Total	1,035,508	37,117
Los Angeles County	38,735,119	1,564,193
Agoura Hills	866,980	47,864
Alhambra	5,319,317	207,786
Arcadia	5,041,973	168,394
Artesia	926,592	40,471
Avalon	297,561	9,082
Azusa	2,583,732	101,476
Baldwin Park	1,548,819	119,349
Bell	1,101,973	63,549
Bellflower	3,375,989	153,518
Bell Gardens	1,073,766	77,659
Beverly Hills	9,122,281	220,065
Bradbury	591	1,387
Burbank	9,037,779	304,432
Carson	10,800,246	327,914
Cerritos	11,334,885	294,800
Claremont	1,061,401	74,099
Commerce	11,999,315	242,437
Compton	3,154,670	200,187
Covina	4,892,704	157,710
Cudahy	710,231	44,948
Culver City	8,197,949	390,075
Downey	8,608,521	290,980
Duarte	482,913	40,499
El Monte	7,670,832	284,159
El Segundo	3,410,662	83,650
Gardena	4,574,049	159,212
Glendale	15,293,247	511,456
Glendora	3,236,260	121,855
Hawaiian Gardens	463,800	26,887
Hawthorne	6,318,147	211,444
Hermosa Beach	1,284,983	52,759
Hidden Hills	22,671	3,206
Huntington Park	3,092,251	135,429
Industry	11,469,294	210,394
Inglewood	5,598,307	262,312
Irwindale	1,666,597	31,068
La Canada Flintridge	1,078,524	51,768
La Habra Heights	23,929	8,550
Lakewood	5,266,072	215,907
La Mirada	3,155,759	122,911
Lancaster	5,350,840	184,213
La Puente	1,481,392	78,758
La Verne	1,004,070	59,683
Lawndale	1,428,278	66,583
Lomita	782,133	46,004
Long Beach	24,161,921	1,043,507
Los Angeles	227,290,482	13,198,540
Lynwood	1,900,960	118,058
Manhattan Beach	3,075,806	110,116
Maywood	549,657	47,796
Monrovia	2,811,488	102,452
Montebello	4,828,383	178,371
Monterey Park	2,834,926	146,256
Norwalk	5,504,261	237,629
Palmdale	1,337,856	51,723
Palos Verdes Estates	180,740	26,906
Paramount	3,295,627	124,256
Pasadena	13,655,373	445,897
Pico Rivera	3,761,860	160,683
Pomona	7,085,907	299,265
Rancho Palos Verdes	711,942	92,182
Redondo Beach	4,114,354	175,525
Rolling Hills	11,324	3,547
Rolling Hills Estates	1,361,011	36,939
Rosemead	2,424,126	114,042
San Dimas	1,052,422	61,820
San Fernando	1,523,264	57,674
San Gabriel	2,542,245	97,636
San Marino	285,217	27,169
Santa Fe Springs	10,474,382	214,934
Santa Monica	12,586,644	591,421
Sierra Madre	164,854	20,463
Signal Hill	3,072,568	68,693

TABLE 21A—REVENUES DISTRIBUTED TO CITIES AND COUNTIES FROM LOCAL SALES AND USE TAXES AND THE STATE CIGARETTE TAX, 1984–85—Continued

(In dollars)

Jurisdiction	Revenue distributed	
	Local sales and use taxes	State cigarette tax
1	2	3
Los Angeles County —Continued		
South El Monte	2,701,107	78,200
South Gate	3,637,647	188,607
South Pasadena	969,636	56,016
Temple City	1,258,104	72,349
Torrance	18,528,471	552,060
Vernon	5,350,102	92,199
Walnut	392,556	31,468
West Covina	7,034,145	272,224
West Hollywood [a]	1,517,732	66,107
Westlake Village	987,519	36,194
Whittier	6,447,436	232,983
Total	615,371,499	27,602,989
Madera County	1,706,942	68,177
Chowchilla	293,693	14,679
Madera	1,793,682	73,289
Total	3,794,317	156,145
Marin County	1,514,606	59,911
Belvedere	48,916	4,821
Corte Madera	1,130,734	35,197
Fairfax	232,298	16,135
Larkspur	1,004,012	36,506
Mill Valley	1,216,844	44,214
Novato	2,544,487	118,132
Ross	43,087	5,324
San Anselmo	637,731	31,229
San Rafael	8,370,579	222,318
Sausalito	1,294,847	35,386
Tiburon	233,169	16,597
Total	18,271,310	625,770
Mariposa County	726,275	28,364
Mendocino County	1,696,071	67,078
Fort Bragg	745,641	23,337
Point Arena	22,829	1,159
Ukiah	1,701,332	51,839
Willits	542,879	16,729
Total	4,708,752	160,142
Merced County	1,899,347	75,878
Atwater	494,819	39,791
Dos Palos	207,987	9,500
Gustine	106,231	7,533
Livingston	157,924	12,246
Los Banos	846,248	34,405
Merced	4,300,797	148,801
Total	8,013,353	328,154
Modoc County	141,296	5,783
Alturas	271,521	10,600
Total	412,817	16,383
Mono County [b]	512,067	27,056
Mammoth Lakes [a]	376,231	12,889
Total	888,298	39,945
Monterey County	2,823,891	111,676
Carmel	1,275,694	30,374
Del Rey Oaks	94,567	4,293
Gonzales	64,500	6,665
Greenfield	185,848	11,050
King City	470,859	19,311
Marina	353,973	50,967
Monterey	4,080,610	120,396
Pacific Grove	874,853	42,139
Salinas	8,415,109	294,918
Sand City	152,919	3,213
Monterey County —Continued		
Seaside	2,413,981	102,993
Soledad	124,300	12,354
Total	21,331,104	810,349
Napa County	2,579,239	103,932
Calistoga	223,230	10,619
Napa	3,443,842	150,075
St. Helena	525,066	18,103
Yountville	118,797	7,117
Total	6,890,174	289,846
Nevada County	2,184,432	85,686
Grass Valley	1,113,731	33,522
Nevada City	336,306	10,021
Total	3,634,469	129,229
Orange County	15,385,057	598,483
Anaheim	26,668,983	859,875
Brea	4,661,159	134,992
Buena Park	8,581,941	258,675
Costa Mesa	17,196,700	448,165
Cypress	2,133,182	107,243
Fountain Valley	3,375,046	149,178
Fullerton	9,431,224	345,244
Garden Grove	9,851,427	387,093
Huntington Beach	14,210,787	545,760
Irvine	13,337,074	362,412
Laguna Beach	1,428,982	56,017
La Habra	3,285,782	136,342
La Palma	505,902	34,226
Los Alamitos	1,316,896	43,399
Newport Beach	8,891,461	268,787
Orange	14,670,022	420,153
Placentia	2,302,633	101,386
San Clemente	1,611,121	76,424
San Juan Capistrano	1,310,364	58,279
Santa Ana	22,299,291	766,018
Seal Beach	1,126,497	62,633
Stanton	1,846,603	75,828
Tustin	4,633,955	150,666
Villa Park	148,777	14,209
Westminster	7,481,165	252,584
Yorba Linda	809,248	68,901
Total	198,501,279	6,782,972
Placer County	3,817,667	153,462
Auburn	1,372,223	37,217
Colfax	211,207	5,491
Lincoln	327,248	13,718
Loomis [a]	33,729	6,487
Rocklin	393,449	21,085
Roseville	4,258,473	119,745
Total	10,413,996	357,205
Plumas County	894,994	35,448
Portola	90,614	4,823
Total	985,608	40,271
Riverside County	10,364,210	407,786
Banning	902,321	41,258
Beaumont	697,311	24,638
Blythe	919,626	29,049
Cathedral City	2,339,820	65,571
Coachella	481,827	28,572
Corona	3,821,080	136,309
Desert Hot Springs	307,444	17,751
Hemet	2,703,108	91,988
Indian Wells	194,354	6,578
Indio	3,135,075	98,754
Lake Elsinore	783,831	27,606
La Quinta	345,520	17,697
Moreno Valley [a]	327,700	58,727
Norco	522,398	45,568
Riverside County —Continued		
Palm Desert	2,487,407	67,539
Palm Springs	4,140,339	137,912
Perris	558,102	23,421
Rancho Mirage	1,179,870	33,701
Riverside	16,297,732	584,803
San Jacinto	354,946	20,833
Total	52,864,021	1,966,061
Sacramento County	40,252,930	1,582,676
Folsom	959,027	40,303
Galt	300,682	15,727
Isleton	67,513	2,761
Sacramento	26,804,422	974,927
Total	68,384,574	2,616,394
San Benito County	433,639	16,728
Hollister	1,000,257	40,839
San Juan Bautista	70,194	3,410
Total	1,504,090	60,977
San Bernardino County	11,667,592	457,767
Adelanto	63,430	6,379
Barstow	2,027,296	66,863
Big Bear Lake	708,638	27,168
Chino	2,692,563	122,359
Colton	2,895,866	91,297
Fontana	2,842,325	123,706
Grand Terrace	247,291	19,883
Loma Linda	327,554	24,344
Montclair	4,380,470	117,735
Needles	359,897	13,679
Ontario	7,769,173	305,376
Rancho Cucamonga	2,554,175	146,375
Redlands	3,192,298	135,009
Rialto	2,093,003	108,559
San Bernardino	14,432,892	471,891
Upland	3,821,352	154,112
Victorville	3,161,211	86,892
Total	65,237,026	2,479,394
San Diego County	12,959,961	499,844
Carlsbad	5,663,584	165,854
Chula Vista	5,591,314	244,707
Coronado	746,865	45,932
Del Mar	480,406	16,837
El Cajon	9,214,871	295,403
Escondido	9,101,043	282,856
Imperial Beach	439,178	46,597
La Mesa	5,523,300	181,614
Lemon Grove	1,572,962	63,519
National City	7,625,613	226,742
Oceanside	4,372,611	220,839
Poway	1,625,969	111,925
San Diego	74,965,686	2,887,597
San Marcos	2,620,107	78,577
Santee	2,277,952	138,146
Vista	1,883,282	101,229
Total	146,664,704	5,608,218
City and County of San Francisco	70,260,886	2,760,558
San Joaquin County	5,112,815	203,400
Escalon	271,319	10,163
Lodi	3,447,057	127,884
Manteca	1,985,150	83,648
Ripon	154,779	9,800
Stockton	13,786,078	526,899
Tracy	1,456,844	60,853
Total	26,214,042	1,022,647

TABLE 21A—REVENUES DISTRIBUTED TO CITIES AND COUNTIES FROM LOCAL SALES AND USE TAXES AND THE STATE CIGARETTE TAX, 1984–85—Concluded

(In dollars)

Jurisdiction	Revenue distributed	
	Local sales and use taxes	State cigarette tax
1	2	3
San Luis Obispo County	2,260,947	86,373
Arroyo Grande	1,161,871	41,297
Atascadero	1,204,072	51,100
Grover City	469,888	23,893
Morro Bay	768,254	29,445
Paso Robles	1,586,215	46,988
Pismo Beach	446,465	17,558
San Luis Obispo	4,294,791	137,905
Total	12,192,503	434,559
San Mateo County	7,123,587	277,356
Atherton	43,137	13,425
Belmont	1,049,358	58,418
Brisbane	3,295,209	57,213
Burlingame	5,781,705	147,259
Colma	2,003,477	37,902
Daly City	5,282,845	226,755
East Palo Alto	174,568	46,453
Foster City	1,282,217	62,783
Half Moon Bay	476,580	20,865
Hillsborough	68,226	18,696
Menlo Park	2,960,468	99,930
Millbrae	1,504,014	61,216
Pacifica	759,688	73,750
Portola Valley	84,270	8,335
Redwood City	6,891,409	218,590
San Bruno	3,408,317	119,490
San Carlos	2,380,453	85,217
San Mateo	10,487,563	320,932
S. San Francisco	7,501,327	220,172
Woodside	185,201	12,057
Total	62,743,619	2,186,814
Santa Barbara County	6,506,217	250,219
Carpinteria	610,785	29,142
Guadalupe	94,821	8,819
Lompoc	1,736,747	77,654
Santa Barbara	9,324,255	297,520
Santa Maria	6,172,202	188,326
Solvang [a]	–	1,792
Total	24,445,027	853,472
Santa Clara County	15,643,917	618,416
Campbell	4,702,368	140,221
Cupertino	5,267,139	161,293
Gilroy	2,201,785	80,135
Los Altos	1,586,299	75,445
Los Altos Hills [b]	70,254	14,038
Los Gatos	3,476,316	108,734
Milpitas	3,675,012	133,074
Monte Sereno	3,850	5,664
Morgan Hill	1,127,708	50,851
Mountain View	8,027,550	249,134
Palo Alto	11,032,757	289,691
San Jose	51,119,222	2,029,302
Santa Clara	21,223,113	535,290
Saratoga	660,549	60,743
Sunnyvale	16,193,047	470,165
Total	146,010,886	5,022,196
Santa Cruz County	3,426,372	136,044
Capitola	1,742,292	47,279
Santa Cruz	4,835,082	159,235
Scotts Valley	787,520	26,592
Watsonville	2,386,899	84,061
Total	13,178,165	453,211
Shasta County	1,773,733	71,825
Anderson	516,895	21,669
Redding	6,750,781	199,624
Total	9,041,409	293,118
Sierra County [b]	62,258	2,693
Loyalton	39,317	2,568
Total	101,575	5,261
Siskiyou County	490,056	19,593
Dorris	22,076	1,817
Dunsmuir	96,874	5,355
Etna	35,998	1,932
Fort Jones	49,494	1,796
Montague	40,536	3,037
Mount Shasta	347,018	11,081
Tulelake	49,826	2,302
Weed	201,728	8,482
Yreka	919,609	27,781
Total	2,253,215	83,176
Solano County	941,407	35,594
Benicia	1,139,307	50,789
Dixon	446,014	22,744
Fairfield	4,629,683	189,148
Rio Vista	459,693	13,821
Suisun	342,203	28,373
Vacaville	2,091,278	115,520
Vallejo	4,587,025	227,422
Total	14,636,610	683,411
Sonoma County	7,355,717	284,860
Cloverdale	212,494	10,804
Cotati	455,372	14,417
Healdsburg	1,291,113	35,883
Petaluma	2,922,704	111,724
Rohnert Park	1,107,384	63,720
Santa Rosa	10,937,601	345,785
Sebastopol	636,426	21,298
Sonoma	748,545	24,463
Total	25,667,356	912,954
Stanislaus County	4,584,607	183,436
Ceres	1,218,764	49,072
Hughson	112,183	7,194
Modesto	10,425,231	386,408
Newman	164,829	8,581
Oakdale	844,838	29,979
Patterson	303,672	12,821
Riverbank	208,891	13,995
Turlock	2,349,788	93,423
Waterford	80,207	6,213
Total	20,293,010	791,122
Sutter County	1,072,820	43,049
Live Oak	74,675	7,373
Yuba City	2,369,470	76,268
Total	3,516,965	126,690
Tehama County	506,843	20,321
Corning	616,870	19,596
Red Bluff	1,046,931	37,003
Tehama	861	636
Total	2,171,505	77,556
Trinity County	436,644	17,110
Tulare County	4,057,058	162,414
Dinuba	512,930	26,435
Exeter	276,079	14,907
Farmersville	107,839	11,673
Lindsay	469,916	19,908
Porterville	2,000,066	74,277
Tulare	1,932,545	76,446
Visalia	6,321,683	208,345
Woodlake	116,298	10,900
Total	15,794,414	605,305
Tuolumne County	1,446,429	55,048
Sonora	674,790	19,816
Total	2,121,219	74,864
Ventura County	3,883,361	153,377
Camarillo	2,059,005	105,355
Fillmore	397,688	23,787
Moorpark	252,789	25,829
Ojai	501,485	21,151
Oxnard	7,738,226	337,345
Port Hueneme	471,912	40,802
Santa Paula	861,444	51,619
Simi Valley	3,698,914	203,490
Thousand Oaks	8,221,750	299,844
Ventura	9,769,894	311,313
Total	37,856,468	1,573,912
Yolo County	4,668,034	183,187
Davis	1,786,661	95,526
Winters	83,302	6,511
Woodland	2,409,188	96,560
Total	8,947,185	381,784
Yuba County	906,423	36,335
Marysville	1,531,436	44,818
Wheatland	32,252	3,194
Total	2,470,111	84,347
Amounts distributed to:		
City and County of San Francisco	70,260,886	2,760,558
Counties other than San Francisco	272,259,343	10,779,486
Cities other than San Francisco	1,659,277,572	65,208,904
Grand totals	2,001,797,801	78,748,948

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[a] During the fiscal year, five cities became incorporated. Those cities, the effective date of their sales tax ordinances and the number of months of sales tax distributions they received during 1984–85 are as follows:

Loomis; January 1, 1985, 4 months
Mammoth Lakes; October 1, 1984, 7 months
Moreno Valley; January 1, 1985, 4 months
Solvang; July 1, 1985, none
West Hollywood; January 1, 1985, 4 months

[b] Distributions during 1984–85 include the following overpayments which will be deducted from 1985–86 allocations: Los Altos Hills: $1,064; Mono County: $14,386; and Sierra County: $1,417.

Note: Detail may not add to total due to rounding.

TABLE 21B—REVENUES DISTRIBUTED TO COUNTIES FROM COUNTY TRANSPORTATION TAX,[a] 1984–85

County 1	Revenue distributed [b] 2
Alameda	$24,681,626
Alpine	21,527
Amador	347,033
Butte	2,406,058
Calaveras	236,365
Colusa	322,036
Contra Costa	12,658,743
Del Norte	196,027
El Dorado	1,356,645
Fresno	10,142,531
Glenn	307,308
Humboldt	1,786,116
Imperial	1,522,232
Inyo	362,516
Kern	9,700,986
Kings	1,148,453
Lake	716,279
Lassen	261,647
Los Angeles	153,426,286
Madera	953,187
Marin	$4,575,555
Mariposa	180,271
Mendocino	1,180,673
Merced	2,013,131
Modoc	106,139
Mono	222,896
Monterey	5,177,662
Napa	1,735,166
Nevada	912,460
Orange	49,625,422
Placer	2,604,250
Plumas	248,166
Riverside	13,274,372
Sacramento	17,081,616
San Benito	378,789
San Bernardino	16,327,370
San Diego	36,697,352
San Francisco	17,540,118
San Joaquin	6,562,019
San Luis Obispo	3,062,217
San Mateo	$15,769,990
Santa Barbara	6,118,005
Santa Clara	36,603,991
Santa Cruz	3,280,362
Shasta	2,261,108
Sierra	25,668
Siskiyou	569,176
Solano	3,672,837
Sonoma	6,430,677
Stanislaus	5,069,024
Sutter	877,468
Tehama	544,818
Trinity	109,533
Tulare	3,937,970
Tuolumne	530,120
Ventura	9,519,294
Yolo	2,231,652
Yuba	619,392
Total	$500,230,330

[a] Effective July 1, 1972, a ¼ percent county sales tax was imposed. This revenue is to be used for transportation purposes in each county.

[b] These are actual payments to the counties and exclude the Board's administrative charge of $4,101,427 and the Business and Transportation Agency's administrative charge of $384,000.

TABLE 21C—LOCAL SALES AND USE TAX RATES IMPOSED BY CALIFORNIA CITIES ON JULY 1, 1985

County 1	City rate [a] 2	Cities 3
Alameda	1.00	Dublin/San Leandro
	.95	All other cities
Alpine	—	No incorporated cities
Amador	1.00	All cities
Butte	1.00	All cities
Calaveras	.95	Angels
Colusa	1.00	All cities
Contra Costa	.975	All cities
Del Norte	1.00	All cities
El Dorado	1.00	All cities
Fresno	.99	Fresno
	1.00	All other cities
Glenn	1.00	All cities
Humboldt	1.00	All cities
Imperial	1.00	All cities
Inyo	1.00	All cities
Kern	1.00	All cities
Kings	.95	Hanford
	.98	All other cities
Lake	1.00	All cities
Lassen	1.00	All cities
Los Angeles	1.00	All cities
Madera	1.00	All cities
Marin	1.00	All cities
Mariposa	—	No incorporated cities
Mendocino	1.00	All cities
Merced	.925	Merced
	.95	Los Banos
	1.00	All other cities
Modoc	.90	Alturas
Mono	1.00	Mammoth Lakes
Monterey	1.00	All cities
Napa	.855	All cities
Nevada	1.00	All cities
Orange	1.00	All cities
Placer	1.00	All cities
Plumas	.95	Portola
Riverside	1.00	All cities
Sacramento	1.00	All cities
San Benito	1.00	All cities
San Bernardino	1.00	All cities
San Diego	1.00	All cities
San Francisco	1.00	—
San Joaquin	1.00	All cities
San Luis Obispo	1.00	All cities
San Mateo	.95	All cities
Santa Barbara	1.00	All cities
Santa Clara	1.00	All cities
Santa Cruz	1.00	All cities
Shasta	1.00	All cities
Sierra	.95	Loyalton
Siskiyou	1.00	All cities
Solano	1.00	All cities
Sonoma	.975	All cities
Stanislaus	.95	Modesto/Turlock
	.99	Ceres
	1.00	All other cities
Sutter	1.00	All cities
Tehama	1.00	Tehama
	.90	All other cities
Trinity	—	No incorporated cities
Tulare	.95	All cities
Tuolumne	.95	Sonora
Ventura	1.00	Ojai
	.967	All other cities
Yolo	1.00	All cities
Yuba	1.00	All cities

[a] Each city's tax rate is credited against the county's one percent tax.

TABLE 22—LOCAL SALES TAXES, DISTRIBUTIONS AND ADMINISTRATIVE CHARGES TO CITIES AND COUNTIES, 1956–57 TO 1984–85

Fiscal year	Net amount distributed (in thousands)				Administrative cost rate per $100 collected [d]	Administrative charge [e] (in thousands)
	County transportation tax [a]	Local sales tax [b]		Total		
		To counties [c]	To cities			
1	2	3	4	5	6	7
1984–85	$500,230	$342,520	$1,659,278	$2,502,028	.82	$20,972
1983–84	447,671	312,547	1,478,733	2,238,951	.82	18,751
1982–83	391,367	282,212	1,279,151	1,952,730	.82	16,613
1981–82	392,756	289,469	1,282,420	1,964,645	.82	16,433
1980–81	361,888	272,741	1,176,000	1,810,629	.82	15,253
1979–80	340,922	255,372	1,108,417	1,704,711	.82	14,181
1978–79	296,051	220,403	962,997	1,479,451	.82	12,402
1977–78	257,221	192,488	837,756	1,287,465	.82	10,798
1976–77	219,309	167,516	709,664	1,096,489	.82	9,257
1975–76	190,348	147,670	618,406	956,424	.82	8,031
1974–75	172,343	136,047	559,337	867,727	.82	7,253
1973–74	158,087	124,964	513,282	796,333	.82	6,560
1972–73	110,010 [f]	105,678	447,986	663,674	.82 [g]	5,521
1971–72	—	91,117	387,977	479,094	1.01	4,891
1970–71	—	82,337	347,766	430,103	1.09	4,652
1969–70	—	80,691	345,626	426,317	1.10	4,696
1968–69	—	74,687	318,913	393,600	1.13	4,544
1967–68	—	73,227	300,530	373,757 [h]	1.23 [i]	4,926
1966–67	—	68,097	270,241	338,338	1.50	5,162
1965–66	—	64,337	254,851	319,188	1.53	4,871
1964–65	—	62,063	239,455	301,518	1.50	4,610
1963–64	—	59,242	222,908	282,150	1.53	4,386
1962–63	—	55,786 [j]	205,435	261,221 [j]	1.53	4,077
1961–62	—	53,763	186,881	240,644	1.57	3,856
1960–61	—	51,793	174,505	226,298	1.60	3,650
1959–60	—	52,396	162,749	215,145 [k]	1.50	3,348
1958–59	—	44,835	144,968	189,803 [l]	1.64	3,134
1957–58	—	29,473	132,442	161,915	1.72	2,837
1956–57	—	21,257	103,220	124,477	1.65	2,143

NOTE: Excludes distributions to rapid transit districts which were collected at the rate of ½ of one percent as follows:

Fiscal Year	BARTD [m]	SCRTD	SCCTD	SCMTD	LACTC	SMCTD	SCTA	Administrative Charge
1984–85	$102,822,000	—	$70,249,000	$7,111,000	$285,072,000	$25,982,000	$4,680,000	$8,197,000
1983–84	95,781,000	—	62,787,000	6,382,000	257,444,000	23,344,000	—	7,331,000
1982–83	102,907,000	—	53,652,000	5,487,000	172,486,000	14,853,000	—	5,233,000
1981–82	87,974,000	—	49,514,000	5,017,000	—	—	—	2,252,000
1980–81	65,651,000	—	44,218,000	4,752,000	—	—	—	2,061,000
1979–80	74,836,000	$171	40,702,000	4,190,000	—	—	—	1,911,000
1978–79	50,740,000	172	35,326,000	1,037,000	—	—	—	1,587,000
1977–78	50,704,000	—	29,976,000	—	—	—	—	1,404,000
1976–77	47,368,000	1,000	12,807,000	—	—	—	—	985,817
1975–76	42,220,000	204,000	—	—	—	—	—	713,051
1974–75	39,622,000	401,000	—	—	—	—	—	668,594
1973–74	35,326,000	287,000	—	—	—	—	—	599,000
1972–73	31,055,000	288,000	—	—	—	—	—	585,000
1971–72	27,770,000	555,000	—	—	—	—	—	577,000
1970–71	24,880,000	35,980,000	—	—	—	—	—	1,333,000
1969–70	1,570,000	—	—	—	—	—	—	298,000

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[a] Administrative charges by the Board of Equalization and the Business and Transportation Agency have been deducted. These amounted to $4,485,427 in 1984–85.

[b] Includes any administrative cost adjustment made during the fiscal year.

[c] Includes the City and County of San Francisco.

[d] Prior to July 1, 1972, the actual cost of collecting $100 in the fiscal year and the ultimate rate which cities and counties were charged.

[e] These are the amounts actually withheld. The exact charge for administration in any year cannot be computed from the rate shown in the previous column, because the tentative charge used to withhold funds is based on the effective rate in the prior fiscal year. Adjustments are deducted from the fiscal year to which they apply.

[f] Includes advances and payments for only ten months.

[g] Effective July 1, 1972, an administrative cost rate of 82 cents per $100 collected was set by law.

[h] Effective October 1, 1967, taxpayers who were required to prepay state sales and use tax were also required to prepay local sales and use tax. This resulted in a one-time windfall of $19,250,000 during the 1967–68 fiscal year.

[i] Additional revenue from the one-cent increase in the state sales tax rate effective August 1, 1967, resulted in a sharp reduction in the ratio.

[j] Excludes $595,317 that was collected in 1959–60 and impounded pending decision on litigation brought by the City of Commerce. This amount, plus accumulated interest, was distributed in 1962–63.

[k] Excludes $3,825,750 advanced to cities and counties in the 1958–59 fiscal year out of receipts that normally would have been distributed in the first quarter of the 1959–60 fiscal year. This sum was distributed to help local jurisdictions whose sales tax receipts were running below expectations because of the 1957–58 business recession.

[l] Includes the $3,825,750 discussed in the previous footnote.

[m] Effective January 1, 1978, 25 percent of the revenue collected under the Bay Area Rapid Transit District Sales Tax was earmarked for the Metropolitan Transportation Commission. (Collections are shown in Table 2, footnote e.) The BARTD figures above include MTC allocations. For 1984–85, BARTD received direct allocations of $81,055,000 and $21,767,000 were allocated for MTC as follows: Alameda-Contra Costa Transit District, $11,400,000; San Francisco Municipal Railway, $10,050,000; and BARTD, $317,000.

TABLE 23—GASOLINE AND JET FUEL TAX STATISTICS, 1923–25 TO 1984–85

	Gasoline				Jet fuel tax	
Fiscal year	Taxable distributions (in thousands of gallons)	Revenue [a] (in thousands)	Refunds (in thousands)	Tax-paying distributors on June 30 [b]	Taxable distributions (in thousands of gallons)	Revenue [a] (in thousands)
1	2	3	4	5	6	7
1984–85	11,642,880	$1,054,864	$13,911	147	41,617	$884
1983–84	11,378,375	1,027,740 [l]	19,086	154	41,025	845
1982–83	10,941,848	877,130 [l]	17,139 [k]	145	37,471	703
1981–82	11,015,230	770,628 [k]	27,572	131	40,435	860
1980–81	11,185,862	787,106	25,987	102	43,713	891
1979–80	11,316,801	800,012	24,451	94	50,225	988
1978–79	11,916,829	835,947	21,716	77	46,422	915
1977–78	11,571,520	810,020	18,866	76	34,469	692
1976–77	10,995,557	769,978	15,775	84	27,445	551
1975–76	10,530,404	737,100	14,802	77	23,583	474
1974–75	10,141,120	709,899	13,347	72	20,494	411
1973–74	10,019,253	701,400	15,271	49	19,324	390
1972–73	10,223,805	715,683	15,244	49	17,941	360
1971–72	9,748,850	682,482	13,393	48	14,463	292
1970–71	9,232,664	646,312	13,401	58	12,043	245
1969–70	8,939,785	641,268 [c]	13,437	52	8,057 [d]	163 [d]
1968–69	8,494,055	601,783 [c]	14,596	53	—	—
1967–68	8,057,305	564,038	14,012	63	—	—
1966–67	7,649,738	535,488	15,560	59	—	—
1965–66	7,385,411	529,819 [e]	17,234	63	—	—
1964–65	7,041,337	510,954 [e]	15,981	61	—	—
1963–64	6,732,890	454,126 [f]	14,680	63	—	—
1962–63	6,331,380	379,883	14,846	71	—	—
1961–62	5,995,532	359,739	15,361	81	—	—
1960–61	5,794,324	347,668	17,268	80	—	—
1959–60	5,626,387 [g]	337,588 [g]	20,814	89	—	—
1958–59	5,404,848	324,295	21,410	88	—	—
1957–58	5,117,693	307,038	20,531	94	—	—
1956–57	4,932,752	295,982	20,786	100	—	—
1955–56	4,734,064	284,152	21,516	100	—	—
1954–55	4,424,151	265,576	26,192	102	—	—
1953–54	4,255,309	255,305 [h]	26,088	88	—	—
1952–53	4,156,557	187,047	19,175	90	—	—
1951–52	3,878,273	174,527	19,595	100	—	—
1950–51	3,589,902	161,551	15,339	112	—	—
1945–50	14,909,722	592,832 [i]	—	107		
1940–45	9,167,652	275,029	—	122	—	—
1935–40	8,594,082	258,845	—	142	—	—
1930–35	6,790,740	201,685	—	88	—	—
1925–30	5,351,593	139,925 [j]	—	82	—	—
1923–25	1,259,474	24,938	—	74	—	—

[a] Includes self-assessed taxes, tax deficiencies, interest and penalties. Refunds for nonhighway use (column 4) have not been deducted.

[b] In addition, on June 30, 1985 there were 102 fully licensed distributors who incurred no tax liabilities during the year.

[c] A special one-cent levy was in effect from June 1, 1969 through August 31, 1969 to raise funds to repair and restore storm- and flood-damaged roads. This levy raised $7.2 million from distributions during the 1968–69 fiscal year and $15.5 million during the 1969–70 fiscal year. No storage tax was imposed.

[d] The aircraft jet fuel tax levied at the rate of two cents per gallon on jet aircraft fuel used in general aviation became operative December 1, 1969 under the Motor Vehicle Fuel License Tax Law.

[e] A special one-cent levy was in effect from April 1, 1965 through August 31, 1965 to raise funds to repair and restore storm- and flood-damaged roads in the northwestern part of the state. This levy raised $18.2 million from distributions during the 1964–65 fiscal year (excluding the storage tax of $1,108,000 including interest and penalties) and $12.8 million during the 1965–66 fiscal year (excluding the storage tax refund of $1,131,000).

[f] Effective October 1, 1963, the tax rate was increased from 6 cents to 7 cents per gallon. Receipts from the one cent per gallon storage tax imposed at the time of the rate increase are not included; these amounted to $1,125,267, including interest and penalties.

[g] Effective October 1, 1959, liquefied petroleum gases were excluded from the definition of a "motor vehicle fuel." Since that date, vendors and users of this fuel have been required to report under the Use Fuel Tax Law. (See Table 25.)

[h] Effective July 1, 1953, the tax rate was increased from 4½ cents to 6 cents per gallon. Receipts from the 1½ cent storage tax imposed at the time of the rate increase are not included; these amounted to $1,071,000 including interest and penalties.

[i] Effective July 1, 1947, the tax rate was increased from 3 cents to 4½ cents per gallon. Receipts from the 1½ cent storage tax imposed at the time of the increase are not included; these amounted to $680,000, including interest and penalties.

[j] Effective July 29, 1927, the tax rate was increased from 2 cents to 3 cents per gallon.

[k] A revision in the Revenue and Taxation Code effective January 1, 1982, allows a taxpayer to offset tax-paid exports against incurred tax liability instead of filing a claim for refund on such exports. Net revenue, over time, should not be affected by this revision.

[l] Effective January 1, 1983, the tax rate was increased from 7 cents to 9 cents per gallon. Receipts from the two cents per gallon storage tax imposed at the time of the rate increase are not included; these amounted to $3,456,300 in 1982–83 and $169,000 in 1983–84 including interest and penalties.

TABLE 24—TAXABLE DISTRIBUTIONS OF GASOLINE AND TAX ASSESSMENTS, BY DISTRIBUTOR, 1983–84 AND 1984–85

Name of company [a]	Gallons (in thousands)		Tax [b] (in thousands)	
	1983–84	1984–85	1983–84	1984–85
1	2	3	4	5
Allied Petroleum Company, Inc	2,581	2,040	$232	$184
Aminoil, Inc	91,115	41,245	8,134	3,712
ARCO	1,806,566	1,828,865	162,716	164,598
Astroline Pacific, Inc	10,299	1,679	927	151
Beacon Oil Company	292,614	314,708	26,335	28,324
Beneto, Inc	1,231	907	111	82
Berry-Hinckley Terminal Company, Inc	570	947	51	85
Bi-State Petroleum	1,477	1,540	133	139
California Target Supply Company, Inc	7,576	5,114	682	460
Champlin Petroleum Company	118,487	158,514	10,664	14,266
Chevron USA, Inc	1,762,510	1,767,045	158,626	159,034
Clough Oil Company	370	636	33	57
Cluj Distribution Company	7,802	3,342	702	301
Conoco, Inc	471	1,681	42	151
Douglas Oil Company of California	128,719	125,495	11,585	11,295
EZ Serve of California	601	1,121	54	101
Ed Staub & Sons Petroleum, Inc	607	987	55	89
Edgington Oil Company, Inc	18,008	36,018	1,621	3,242
Eureka Fuel Company	1,026	2,098	92	189
Exxon Corporation	578,887	594,463	52,119	53,502
Fletcher Oil & Refining Company	64,498	30,944	5,804	2,785
Ford Motor Company	2,456	2,648	221	238
Golden Eagle Refining Company, Inc	2,982	449	268	40
Golden Gate Petroleum Company	18,015	33,320	1,621	2,999
Golden West Refining Company	363,905	382,613	32,751	34,435
Gulf Oil Corporation	177,532	55,584	15,978	5,003
Herbst Supply Company, Inc	282	757	25	68
Huntway Refining Company	460	2,743	41	247
Jaco Oil Company	529	555	48	50
Kern Oil & Refining Company	42,930	45,231	3,864	4,071
Landsea Terminals, Inc	19,552	65,290	1,760	5,876
Lee Chambers Petroleum	957	882	86	79
Lockheed Air Terminal, Inc	727	563	65	51
MacMillan Ring Free Oil Company, Inc	7,934	9,696	714	873
Mobil Oil Corporation	851,957	940,163	76,676	84,615
Mock Petrochemical Company, Inc	35	3,891	3	350
Mohave Oil Company	93	694	8	62
Nella Oil Company	2,114	823	190	74
Newhall Refining Company, Inc	31,929	20,365	2,874	1,833
Norris Supply Company, Inc	897	797	81	72
Olympian Oil Company	1,033	858	93	77
Oxbow Resources, Inc	–	6,540	–	589
Pacific Refining Company	102,937	87,444	9,264	7,870
Paramount Petroleum Corporation	22,569	31,972	2,031	2,877
Petro-Diamond Inc	–	6,814	–	613
Petroleum Exchange, Inc	7,722	27,314	695	2,458
Phillips Petroleum Company	45	45,559	4	4,100
Pilot Petroleum Corporation	–	11,682	–	1,051
Powerine Oil Company	63,742	8,239	5,737	742
Redwood Oil Company, Inc	1,558	1,095	140	99
River City Petroleum, Inc	665	1,581	60	142
Shell Oil Company	1,543,708	1,626,702	138,934	146,403
Snobird, Inc	1,146	1,090	103	98
Texaco, Inc	601,771	378,240	54,159	34,042
Texaco Refining & Marketing (formerly Getty Refining & Marketing)	108,592	419,308	9,773	37,738
Time Oil Company	26,301	20,134	2,367	1,812
Tosco Corporation	526,359	569,385	47,384	51,245
USA Petroleum	167,118	72,315	15,041	6,508
Union Oil Company of California	1,431,464	1,534,005	128,832	138,060
Western Energetix Corporation	947	1,381	85	124
Wickland Oil Terminals	204,798	234,365	18,432	21,093
Willbarb Petroleum Carriers, Inc	1,546	2,355	139	212
World Oil Company	58,247	60,945	5,242	5,485
84 Other distributors paying less than $40,000 in 1984–85	76,282	8,547	6,868	769
Adjustments [c]	8,524	–1,443	4,365	6,874
Totals	11,378,375	11,642,880	$1,027,740	$1,054,864

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[a] "Distributors" are companies or individuals who make the first distribution of gasoline in California, and they are responsible for payment of the tax. (Aircraft manufacturers and certificated or licensed carriers by air may be included within the definition of distributor.) "Broker" includes every person, other than a distributor or a retailer, who deals in lots of 200 or more gallons of gasoline.

[b] Refunds for non-highway use totaling $13,911,000 in 1984-85 and $19,086,000 in 1983–84 have not been deducted.

[c] Adjustments include temperature-corrected gallonage from broker returns, late returns, audits, interest and penalties.

TABLE 25—DIESEL FUEL AND LIQUEFIED PETROLEUM GASES STATISTICS, 1937–40 TO 1984–85

Fiscal year	Taxable distributions (in thousands of gallons)	Total tax [a] (in thousands)	Self-assessed taxes (in thousands)		Active permits on December 31		Tax paid at reduced rate by transit districts (in thousands) [k]
	Diesel		Diesel	LPG [l]	Users	Vendors	
1	2	3	4	5	6	7	8
1984–85	1,463,857	$129,397	$125,439	$2,988	68,153	3,233	$788
1983–84	1,427,535	125,986	121,711	3,020	58,526	3,109	813
1982–83	1,257,502	97,834	94,052 [m]	3,056	56,315	2,969	748
1981–82	1,185,624	81,773	78,296	3,036	54,615	2,738	783
1980–81	1,179,810	81,769	78,635	2,749	50,870	2,461	659
1979–80	1,164,375	80,144	77,557	2,180	46,324	2,132	637
1978–79	1,104,046	75,530	73,545	1,611	42,971	1,916	624
1977–78	987,855	67,764	65,715	1,658	44,739	1,813	553
1976–77	915,481	63,121	60,921	1,699	43,718	1,724	527
1975–76	827,487	56,857	55,263	1,448	42,988	1,714	507
1974–75	753,064	50,741	50,314	205	39,711	1,670	395
1973–74	770,854	52,164	51,667	289	36,493	1,627	382
1372–73	735,380	49,841	49,351	290	32,011	1,551	354
1971–72	674,292	45,981	45,155	599	28,967	1,507	330
1970–71	615,887	42,151	41,028	814	25,878	1,455	338
1969–70	579,903	40,496	39,511 [b]	755	23,851	1,387	320
1968–69	543,083	37,612	36,597 [b]	774	22,430	1,376	312 [c]
1967–68	477,249	34,375	33,407	814	20,843	1,360	—
1966–67	435,900	31,480	30,513	829	19,507	1,315	—
1965–66	419,286	31,214	30,054 [d]	1,028 [d,e]	18,038	1,256	—
1964–65	387,014	29,465	28,098 [d]	1,211 [d]	17,391	1,216	—
1963–64	358,995	26,532	25,129	1,274 [f]	16,238	1,217	—
1962–63	328,716	24,323	23,010	1,187	15,385	1,203	—
1961–62	306,689	22,871	21,468	1,291	14,670	1,195	—
1960–61	286,429	21,619	20,050	1,446	13,488	1,206	—
1959–60	280,157	20,837	19,609	1,094 [g]	12,451	1,109	—
1958–59	267,247	18,812	18,694	—	10,192	801	—
1957–58	246,711	17,454	17,270	—	9,807	773	—
1956–57	237,481	16,826	16,624	—	9,530	862	—
1955–56	226,448	16,018	15,850	—	8,877	825	—
1954–55	202,406	14,323	14,172	—	8,182	853	—
1953–54	183,043	12,873	12,738 [h]	—	7,441	751 [i]	—
1952–53	174,026	7,946	7,831	—	6,197	—	—
1951–52	150,683	6,885	6,780	—	5,166	—	—
1950–51	131,562	6,023	5,920	—	4,244	—	—
1945–50	406,708	16,527	16,238 [j]	—	2,610	—	—
1940–45	205,397	6,235	6,162	—	1,051	—	—
1937–40	38,625	1,178	1,159	—	n.a.	—	—

[a] Includes interest and penalties which amounted to $841,528 during the 1984–85 fiscal year. This revenue is on an accrual basis and therefore differs from the number in Table 2 which is on a cash basis.

[b] A special one-cent levy was in effect from June 1, 1969 through August 31, 1969 to raise funds to repair and restore storm- and flood-damaged roads. This levy raised $450,000 from distributions during the 1968–69 fiscal year and $837,000 during the 1969–70 year.

[c] Effective July 1, 1968, the tax rate on most fuel consumed by municipal transit districts was reduced to one cent per gallon.

[d] A special one-cent levy was in effect from April 1, 1965 through August 31, 1965 to raise funds to repair and restore storm- and flood-damaged roads. This levy raised a total of $1,786,000.

[e] Effective January 1, 1966, the tax rate on liquefied petroleum gases was decreased from 7 cents to 6 cents per gallon.

[f] Effective October 1, 1963, the tax rate on liquefied petroleum gases was increased from 6 cents to 7 cents per gallon.

[g] Effective October 1, 1959, users and vendors of liquefied petroleum gases were required to report under the Use Fuel Tax Law. Prior to this date, they reported under the Motor Vehicle Fuel License Tax Law.

[h] Effective July 1, 1953, the tax rate on diesel fuel was increased from 4½ cents to 7 cents per gallon.

[i] Effective September 9, 1953, vendors of use fuel were authorized to collect the use fuel tax.

[j] Effective July 1, 1947, the tax rate on diesel fuel was increased from 3 cents to 4½ cents per gallon.

[k] These amounts are also included in columns 3 and 4.

[l] Beginning in December 1975, LPG users were allowed to pay tax on a flat rate basis. This precludes computing LPG gallonage. Flat rate payments totaled $1,252,000 during 1984–85, 41.9 percent of LPG taxes.

[m] Effective January 1, 1983, the tax rate on diesel fuel was increased from 7 cents to 9 cents per gallon.

n.a. Not available.

TABLE 26—TRANSPORTATION GROSS RECEIPTS TAX STATISTICS

This tax was repealed effective July 1, 1973. For historical data see the Board's 1975–76 Annual Report.

TABLE 27—BEER, WINE, AND DISTILLED SPIRITS EXCISE TAX COLLECTIONS, 1932–35 TO 1984–85 [a]

(In thousands of dollars)

Fiscal year	Beer	Wine			Distilled spirits	Total
		Still wines		Champagne and sparkling wines		
		14 percent alcohol or less	Over 14 percent alcohol			
1	2	3	4	5	6	7
1984–85	$25,146	$1,017	$156	$3,243	$105,497	$135,059 [b]
1983–84	25,017	981	162	3,201	107,128	136,489
1982–83	24,043	957	168	2,742	108,786	136,696
1981–82	24,674	928	167	2,470	112,146	140,385
1980–81	24,707	899	167	2,293	114,999	143,065
1979–80	23,300	836	175	1,973	113,311	139,596
1978–79	22,367	815	190	1,853	113,329	138,554
1977–78	20,951	755	210	1,643	111,194	134,753
1976–77	19,945	690	212	1,394	105,468	127,708
1975–76	18,616	660	229	1,339	105,411	126,255
1974–75	18,057	605	231	1,219	101,447	121,559
1973–74	16,830	578	232	1,291	100,417	119,348
1972–73	15,782	559	264	1,326	96,755	114,686
1971–72	15,261	486	275	1,301	94,809	112,132
1970–71	13,847	444	262	1,273	90,780	106,606
1969–70	14,451	386	272	1,024	89,832	105,965
1968–69	12,743	316	286	785	85,545	99,676
1967–68	11,954	281	291	716	78,810 [c]	92,052
1966–67	12,508	247	306	632	59,607	73,300
1965–66	11,629	235	320	537	57,438	70,159
1964–65	11,764	218	323	489	54,152	66,946
1963–64	10,148	203	337	405	50,703	61,796
1962–63	9,981	187	333	332	47,989	58,822
1961–62	9,442	169	345	313	45,283	55,552
1960–61	9,093	159	352	274	42,148	52,026
1959–60	9,316 [d]	138	346	269	40,406	50,475
1958–59	4,392	115	353	206	37,329	42,395
1957–58	4,046	109	351	189	34,230	38,925
1956–57	3,847	105	331	181	34,784	39,248
1955–56	3,803	104	326	151 [e]	31,518 [f]	35,902
1954–55	3,656	94	317	117	16,710	20,894
1953–54	3,477	90	330	102	15,715	19,714
1952–53	3,621	80	317	96	15,657	19,771
1951–52	3,315	74	279	81	14,436	18,185
1950–51	3,363	73	273	97	16,018	19,824
1945–50	16,105	289	1,360	392	72,011	90,157
1940–45	11,516	351	1,217	268	62,806	76,158
1935–40	7,823	220 [g]	1,606 [h]	91	40,276	50,016
1932–35	2,397	—	479 [i]	—	—	2,876

[a] Collections are on an accrual basis and therefore differ from those in Table 2 which are on a cash basis.

[b] Additional detail for 1984-85 are as follows:

	Beer and wine	Distilled spirits
Collections based on audits	$18,378	$184,864
Transactions omitted from table:		
Refunds	8,230	17,873
Interest and penalties	20,082	28,285

[c] Effective August 16, 1967, the tax rate was increased from $1.50 to $2.00 per gallon. Receipts from the 50-cent floor tax are not included; these amounted to $3,009,778.

[d] Effective July 1, 1959, the tax rate was increased from 2 cents to 4 cents per gallon. Receipts from the 2-cent floor tax are not included; these amounted to $369,170.

[e] Effective July 1, 1955, the tax on champagne and sparkling wines was changed from 1.5 cents per half-pint or fraction thereof to 30 cents per gallon. This revision eliminated inequities in the tax and provided a uniform tax rate; it was not considered to be a tax rate increase.

[f] Effective July 1, 1955, the tax rate was increased from 90 cents to $1.50 per gallon. Receipts from the 70-cent floor tax imposed at the time of the rate increase are not included; these amounted to $3,120,892.

[g] The tax on natural dry wines was reduced from 2 cents to 1 cent per gallon effective July 1, 1937.

[h] Still wines over 14 percent alcohol include still wines of 14 percent alcohol or less through 1936–37 because their tax rates were the same and they were not reported separately.

[i] Includes all types of wines. The tax rate was two cents per gallon on all wine and the different types were not reported separately.

TABLE 28—APPARENT CONSUMPTION [a] OF BEER, WINES AND DISTILLED SPIRITS BY FISCAL YEAR, 1935–40 TO 1984–85

(In thousands of gallons)

		Wine				
		Still wines				
Fiscal year	Beer [b]	14 percent alcohol or less	Over 14 percent alcohol	Champagne and sparkling wines	Total wine consumption	Distilled spirits
1	2	3	4	5	6	7
1984–85	626,426	101,671	7,821	10,809	120,301	52,748
1983–84	623,174	98,131	8,099	10,670	116,900	53,564
1982–83	598,790	95,718	8,416	9,141	113,275	54,393
1981–82	610,873	92,815	8,374	8,232	109,421	56,073
1980–81	610,699	89,931	8,339	7,642	105,912	57,500
1979–80	581,381	83,621	8,745	6,617	98,983	56,656
1978–79	564,280	81,495	9,507	6,175	97,177	56,665
1977–78	528,724	75,538	10,489	5,475	91,502	55,597
1976–77	506,034	68,985	10,599	4,647	84,231	52,734
1975–76	471,996	65,988	11,458	4,463	81,909	52,705
1974–75	460,592	60,543	11,551	4,063	76,157	50,724
1973–74	431,001	57,761	11,591	4,304	73,656	50,208
1972–73	404,900	55,949	13,207	4,419	73,575	48,377
1971–72	395,645	48,555	13,768	4,337	66,660	47,405
1970–71	356,738	44,392	13,119	4,244	61,755	45,390
1969–70	373,129	38,568	13,584	3,412	55,564	44,916
1968–69	328,976	31,650	14,317	2,616	48,583	42,773
1967–68	308,936	28,103	14,543	2,386	45,032	40,629
1966–67	321,765	24,713	15,320	2,107	42,140	39,738
1965–66	298,711	23,509	15,990	1,791	41,290	38,292
1964–65	300,835	21,790	16,131	1,629	39,550	36,102
1963–64	261,145	20,312	16,848	1,350	38,510	33,802
1962–63	256,151	18,668	16,661	1,106	36,435	31,993
1961–62	242,761	16,851	17,239	1,044	35,134	30,189
1960–61	232,962	15,861	17,602	913	34,376	28,098
1959–60	238,120	13,761	17,299	898	31,958	26,937
1958–59	224,657	11,547	17,631	688	29,866	24,886
1957–58	207,021	10,901	17,555	630	29,086	22,820
1956–57	196,151	10,460	16,570	605	27,635	23,189
1955–56	192,973	10,447	16,324	502	27,273	21,012
1954–55	185,388	9,394	15,826	390	25,610	20,887
1953–54	177,629	8,987	16,507	396	25,890	19,644
1952–53	184,657	8,041	15,833	401	24,275	19,572
1951–52	168,847	7,431	13,969	336	21,736	18,045
1950–51	167,439	7,271	13,674	405	21,350	20,022
1945–50	801,657	29,022	67,996	1,625	98,643	90,014
1940–45	573,369	35,000	61,130	1,009	97,139	78,507
1935–40	387,414	37,121	65,264	683	103,068	50,345

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[a] Figures in this table represent taxable distributions compiled from monthly tax returns. Because the tax liability attaches at the time alcoholic beverages are sold by manufacturers, importers, or wholesalers, rather than at the time a retail sale is made or when the consumption occurs, they are referred to as "apparent" consumption figures rather than as "actual" consumption figures.

[b] Includes a relatively small amount of tax-exempt beer distributed to the armed forces subsequent to June 30, 1951. Prior to July 1951, such distributions were taxable. Effective January 1, 1980, distributions of beer for the armed forces became subject to the state's excise tax when purchased from California suppliers.

TABLE 29—PER CAPITA CONSUMPTION [a] OF BEER, WINES, AND DISTILLED SPIRITS BY FISCAL YEAR, 1935–36 TO 1984–85

(Consumption in gallons)

Fiscal year	Population [b]	Per capita consumption		
		Beer [c]	Wines	Distilled spirits
1	2	3	4	5
1984–85	25,857,500	24.23	4.65	2.04
1983–84	25,414,000 [r]	24.52	4.60	2.11
1982–83	24,944,700	24.00	4.54	2.18
1981–82	24,469,500	24.96	4.47	2.29
1980–81	23,992,900	25.45	4.41	2.40
1979–80	23,534,000	24.70	4.21	2.41
1978–79	23,072,000	24.46	4.21	2.46
1977–78	22,610,000	23.38	4.05	2.46
1976–77	22,164,000	22.83	3.80	2.38
1975–76	21,756,000	21.70	3.76	2.42
1974–75	21,374,000	21.55	3.56	2.37
1973–74	21,036,000	20.49	3.50	2.39
1972–73	20,737,000	19.53	3.55	2.33
1971–72	20,470,000	19.33	3.26	2.32
1970–71	20,193,000	17.67	3.06	2.25
1969–70	19,922,000	18.73	2.79	2.25
1968–69	19,664,000	16.73	2.47	2.18
1967–68	19,372,000	15.95	2.32	2.10
1966–67	19,041,000	16.90	2.21	2.09
1965–66	18,670,000	16.00	2.21	2.05
1964–65	18,255,000	16.48	2.17	1.98
1963–64	17,768,000	14.70	2.17	1.90
1962–63	17,211,000	14.88	2.12	1.86
1961–62	16,636,000	14.59	2.11	1.81
1960–61	16,114,000	14.46	2.13	1.74
1955–56	13,292,000	14.52	2.05	1.58
1950–51	10,886,000	15.38	1.96	1.84
1945–46	9,452,000	16.86	2.13	2.37
1940–41	7,094,000	10.71	2.51	1.60
1935–36	6,258,000	11.63	3.39	1.46

[a] Based on taxable distributions compiled from monthly tax returns.

[b] Population used is for January 1 of each fiscal year.

[c] Includes tax-exempt beer sold to the armed forces; see Table 28 footnote b.

[r] Revised.

TABLE 30A—CIGARETTE TAX REVENUE, 1959–60 TO 1984–85

(In thousands of dollars)

Fiscal year	Revenue [a]	Distributors' discounts [b]	Gross value of tax indicia [c]	Refunds	Amount set aside for cities and counties
1	2	3	4	5	6
1984–85	$262,470	$2,244	$264,714	$2,390	$78,861
1983–84	265,788	2,271	268,059	2,756	78,969
1982–83	271,138	2,314	273,452	2,060	81,486
1981–82	276,262	2,362	278,624	1,843	83,047
1980–81	274,885	2,349	277,234	1,567	82,465
1979–80	272,053	2,327	274,380	1,645	81,616
1978–79	268,816	2,303	271,805	1,369	80,645
1977–78	274,102	2,348	276,005	1,239	82,231
1976–77	269,385	2,309	272,015	832	80,815
1975–76	268,610	2,303	270,913	927	80,583
1974–75	261,975	2,246	264,346	745	78,593
1973–74	258,921	2,220	262,688	632	77,676
1972–73	253,602	2,174	255,774	626	76,081
1971–72	246,351	2,112	248,181	677	73,904
1970–71	239,195	2,051	241,870	552	71,764
1969–70	235,901	2,022	238,835	455	70,762
1968–69	237,159	2,032	239,376	492	71,140
1967–68	205,985 [d,e]	1,786	209,654	356	52,059 [d]
1966–67	75,597	1,543	77,130	136	—
1965–66	74,578	1,522	76,334	92	—
1964–65	74,477	1,520	75,948	56	—
1963–64	71,822	1,468	73,391	77	—
1962–63	70,194	1,437	71,836	79	—
1961–62	65,054	1,391	69,557	58	—
1960–61	66,024 [g]	1,675 [f]	67,372	76	—
1959–60	64,805 [h]	767 [i]	64,805	27	—

[a] Net of refunds for tax indicia on cigarettes that become unfit for use. (See column 5.)

[b] A discount of .85 percent of gross value of tax indicia is granted to distributors for affixing the stamps. From July 1, 1960 until August 1, 1967 the discount rate was 2%.

[c] Effective July 16, 1961, distributors have been able to purchase tax indicia on credit. On June 30, 1985, this amounted to $20,155,294 and on June 30, 1984, it amounted to $19,754,941.

[d] Effective August 1, 1967, the tax rate was increased from 3¢ to 7¢ per pack. On October 1, 1967 the rate was further increased to 10¢ per pack, with the stipulation that 30% of the tax be allocated to cities and counties.

[e] Includes $6,515,209 from the 4¢ per pack floor stocks tax levied on August 1, 1967; and $4,889,485 from the 3¢ per pack floor stocks tax imposed October 1, 1967.

[f] Effective July 1, 1960, a discount was allowed at the time tax indicia were purchased.

[g] Refunds made for distributors' discounts in the 1960–61 fiscal year on purchases made in the 1959–60 fiscal year have been deducted. These refunds amounted to $324,000.

[h] Includes $2,673,048 from the 3¢ per pack floor stocks tax imposed July 1, 1959; and also includes the amount of distributors' discounts which were refunded after purchase of indicia.

[i] During July and August of 1959 the tax was collected by invoice and no discount was allowed on these collections of $8,123,700, nor on the $2,673,048 tax on floor stocks.

TABLE 30B—CIGARETTE DISTRIBUTIONS AND PER CAPITA CONSUMPTION, 1959–60 TO 1984–85

Fiscal year	Distributions (millions of packages)			Per capita consumption (in packages) [a]
	Total	Tax paid	Tax exempt	
1	2	3	4	5
1984–85	2,755	2,647	108	106.5
1983–84	2,798	2,681	117	110.1
1982–83	2,863	2,735	128	114.8
1981–82	2,922	2,786	136	119.4
1980–81	2,913	2,772	141	121.4
1979–80	2,892	2,744	148	122.9
1978–79	2,875	2,718	157	124.6
1977–78	2,926	2,760	166	129.4
1976–77	2,892	2,720	172	130.5
1975–76	2,896	2,709	187	133.1
1974–75	2,836	2,643	193	132.7
1973–74	2,834	2,627	207	134.7
1972–73	2,755	2,546	209	132.9
1971–72	2,714	2,499	215	132.6
1970–71	2,630	2,419	211	130.2
1969–70	2,588	2,387	201	129.9
1968–69	2,600	2,393	207	132.2
1967–68	2,688	2,475	213	138.8
1966–67	2,735	2,571	164	143.6
1965–66	2,703	2,544	159	144.8
1964–65	2,677	2,532	145	146.6
1963–64	2,577	2,446	131	145.0
1962–63	2,534	2,398	136	147.2
1961–62	2,449	2,319	130	147.2
1960–61	2,370	2,246	124	147.1
1959–60	2,176	2,071	105	139.7

[a] Based on latest estimate of January 1 population for each fiscal year.

TABLE 31—1984 TAXABLE INSURANCE PREMIUMS AND TOTAL TAXES ASSESSED IN 1985, BY COMPANY

Name of company 1	Taxable premiums (in thousands) 2	Total tax assessed 3
FIRE AND CASUALTY INSURERS		
Aetna Casualty and Surety Company (The)	$290,781	$6,775,188
All West Insurance Company	52,866	1,231,781
Allstate Insurance Company	864,319	20,138,628
American Motorists Insurance Company	63,821	1,487,020
American National Fire Insurance Company	78,577	1,830,850
Argonaut Insurance Company	86,316	2,011,167
Associated Indemnity Corporation	167,775	3,909,165
Cal-Farm Insurance Company	84,527	1,969,479
California Casualty Indemnity Exchange	80,985	1,886,943
California Casualty Insurance Company	51,390	1,197,406
California State Automobile Association Inter-Insurance Bureau	550,786	12,833,303
Canadian Indemnity Company (The)	33,666	1,178,027
Consolidated American Insurance Company	57,266	1,890,946
Continental Casualty Company	54,584	1,271,811
Continental Insurance Company (The)	157,926	3,679,672
Doctors' Company, An Interinsurance Exchange (The)	65,511	1,526,417
Employers Insurance of Wausau, A Mutual Company	117,269	2,732,375
Enterprise Insurance Company	101,341	2,361,243
Fairmont Insurance Company	59,957	1,396,996
Farmers Insurance Exchange	710,197	16,547,597
Federal Insurance Company	135,461	3,156,241
Fire Insurance Exchange	253,960	5,917,271
Fireman's Fund Insurance Company	355,109	8,274,041
Fremont Indemnity Company	250,246	5,830,734
Government Employees Insurance Company	80,322	1,871,512
Great American Insurance Company	47,067	1,253,408
Hartford Accident and Indemnity Company	176,462	4,111,572
Hartford Fire Insurance Company	54,169	1,262,139
Home Insurance Company (The)	73,057	1,702,224
Industrial Indemnity Company	359,961	8,387,095
Insurance Company of North America	254,603	5,932,240
Insurance Company of the West	52,987	1,234,595
Interinsurance Exchange of the Automobile Club of Southern California	607,756	14,160,720
Liberty Mutual Fire Insurance Company	181,497	4,228,882
Mercury Casualty Company	81,900	1,908,259
Mid-Century Insurance Company	176,948	4,122,890
Mission Insurance Company	165,274	3,850,877
Mission National Insurance Company	53,262	1,240,993
National Surety Corporation	74,517	1,736,238
National Union Fire Insurance Company of Pittsburgh, Pennsylvania	187,389	4,366,160
Nationwide Mutual Insurance Company	43,534	1,102,229
Northbrook Property and Casualty Insurance Company	49,406	1,151,170
Pacific Employers Insurance Company	109,347	2,547,779
Pacific Indemnity Company	69,071	1,609,353
Republic Indemnity Company of America	64,046	1,492,269
Royal Indemnity Company	54,825	1,277,412
Royal Insurance Company of America	69,780	1,696,474
Safeco Insurance Company of America	199,292	4,643,505
St. Paul Fire and Marine Insurance Company	81,552	1,900,158
Southern California Physicians Insurance Exchange	64,950	1,513,344
State Compensation Insurance Fund	417,336	9,723,933
State Farm Fire and Casualty Company	535,405	12,569,307
State Farm Mutual Automobile Insurance Company	1,018,765	23,737,214
Transamerica Insurance Company	100,667	2,345,542
Transportation Insurance Company	53,041	1,235,853
Travelers Indemnity Company (The)	168,922	3,935,890
Truck Insurance Exchange	163,261	3,803,976
20th Century Insurance Company	214,176	4,990,291
Unigard Mutual Insurance Company	54,382	1,267,098
United Pacific Insurance Company	131,350	3,060,456
United Services Automobile Association	152,527	3,553,874
United States Fidelity and Guaranty Company (A Maryland Corporation)	71,116	1,656,998
West American Insurance Company	125,385	2,921,479
Western Employers Insurance Company	48,376	1,127,157
Zenith Insurance Company	105,208	2,451,351
503 Other fire and casualty insurers	4,687,210	111,362,427
Totals for fire and casualty insurers [a]	$16,204,737	$381,080,644

[a] Each having a total tax of less than $1,100,000.

TABLE 31—1984 TAXABLE INSURANCE PREMIUMS AND TOTAL TAXES ASSESSED IN 1985, BY COMPANY—Concluded

Name of company 1	Taxable premiums (in thousands) 2	Total tax assessed 3
LIFE INSURERS		
Aetna Life Insurance Company	$438,468	$10,137,974
Allstate Life Insurance Company	122,116	2,711,166
American National Insurance Company	55,024	1,337,928
Bankers Life Company	113,828	2,550,645
Cal-Farm Life Insurance Company	62,626	1,401,431
California-Western States Life Insurance Company	151,738	3,478,429
Commercial Life Insurance	47,866	1,058,815
Connecticut General Life Insurance Company	250,501	5,232,934
Connecticut Mutual Life Insurance Company	49,690	1,056,178
Continental Assurance Company	73,606	1,694,558
Crown Life Insurance Company	106,526	2,474,120
Employee Benefits Insurance Company	59,205	1,379,481
Equitable Life Assurance Society of the United States (The)	286,095	5,356,848
Equitable Variable Life Insurance Company	47,329	1,054,489
Executive Life Insurance Company	247,934	4,782,008
Farmers New World Life Insurance Company	55,664	1,259,290
Fireman's Fund American Life Insurance Company	50,718	1,180,025
General American Life Insurance Company	71,444	1,589,466
Great Republic Life Insurance Company	47,289	1,101,832
Great-West Life Assurance Company (The)	55,198	1,248,868
Guardian Life Insurance Company of America (The)	57,482	1,313,720
John Hancock Mutual Life Insurance Company	146,496	3,019,729
Life Insurance Company of North America	84,994	1,968,384
Lincoln National Life Insurance Company (The)	163,772	3,762,198
Manufacturers Life Insurance Company (The)	81,630	1,596,793
Massachusetts Indemnity and Life Insurance Company	67,674	1,576,468
Massachusetts Mutual Life Insurance Company	128,869	2,507,373
Metropolitan Life Insurance Company	415,675	6,133,768
Monarch Life Insurance Company	56,164	1,299,897
Mutual Benefit Life Insurance Company	85,337	1,874,641
Mutual Life Insurance Company of New York (The)	82,815	1,874,069
Mutual of Omaha Insurance Company	75,844	1,767,162
Mutual Security Life Insurance Company	43,866	1,006,350
NN Investors Life Insurance Company	54,940	1,274,081
National Home Life Assurance Company	53,424	1,243,923
New England Mutual Life Insurance Company	77,130	1,554,842
New York Life Insurance Company	483,887	9,061,038
Northwestern Mutual Life Insurance Company (The)	99,569	2,159,426
Northwestern National Life Insurance Company	54,928	1,250,583
Pacific Mutual Life Insurance Company	221,829	4,290,318
Provident Life and Accident Insurance Company	96,666	2,230,857
Prudential Insurance Company of America (The)	761,826	12,736,615
Republic National Life Group Insurance Company	62,428	1,454,580
Standard Insurance Company	67,753	1,553,434
State Farm Life Insurance Company	78,367	1,390,766
Transamerica Occidental Life Insurance Company	434,481	9,635,791
Travelers Insurance (The)	357,590	7,351,362
Union Central Life Insurance Company (The)	44,389	1,102,584
Union Labor Life Insurance Company (The)	129,243	3,010,454
Unionmutual Stock Life Insurance Company of America	66,552	1,548,744
United Insurance Company of America	57,562	1,341,189
United of Omaha Life Insurance Company	109,593	2,289,893
United Pacific Life Insurance Company	48,592	1,132,102
505 other life insurers	3,041,604	68,383,124
Totals for life insurers [b]	$10,285,836	$217,782,743 [c]
Totals for fire and casualty insurers	16,204,737	381,080,644 [c]
Totals for title insurers	393,817	9,227,122 [c]
Totals for all insurers	$26,884,390	$608,090,509

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[b] Each having a total tax of less than $1,000,000.

[c] Retaliatory taxes of $3,510,282 for fire and casualty insurers, $1,526,174 for life insurers and $51,181 for title insurers have been included in the assessments by company.

TABLE 32—SUMMARY OF INSURANCE TAXES ASSESSED IN 1984 AND 1985 AGAINST COMPANIES AUTHORIZED TO DO BUSINESS IN CALIFORNIA, BY TYPE OF INSURER [a]

Type of insurer	Assessments on 1983 business		Assessments on 1984 business		Percent change in assessments
	Number	Amount	Number	Amount	
1	2	3	4	5	6
Fire and casualty	746	$330,468,080	755	$381,080,644	15.3%
Life	666	201,467,831	677	217,782,743	8.1
Title	23	8,627,802	24	9,227,122	6.9
Subtotals	1,435 [b]	540,563,713 [b]	1,456 [c]	608,090,509 [c]	12.5
Ocean marine	53	66,928	38	85,824	28.2
Totals	1,488	$540,630,641	1,494	$608,176,333	12.5%
Adjustments:					
Deficiency assessments	194 [d]	44,857,121 [d]	168 [e]	50,544,202 [e]	—
Refunds and cancellations	49	878,575	30	2,936,775	—
Net adjustments	243	43,978,546	198	47,607,427	—
Grand totals	1,731	$584,609,187	1,692	$655,783,760	12.2%

[a] Includes self-assessments and board-assessments against companies licensed to write insurance on California risks.

[b] Includes 153 returns that reported no premiums tax liability and 161 retaliatory tax assessments totaling $3,883,952.

[c] Includes 158 returns that reported no premiums tax liability and 154 retaliatory tax assessments totaling $5,087,637.

[d] Includes 113 assessments by the State Controller in the amount of $170,693. Also includes 30 assessments in the amount of $43,872,613 made against claim payments made under "Mini-Met" type minimum premium payment group health and welfare plans. The State Supreme Court found these payments to be subject to the gross premiums tax.

[e] Includes 110 assessments by the State Controller in the amount of $282,097. Also includes 14 assessments in the amount of $50,262,105 made against claim payments made under "Mini-Met" type minimum premium payment group health and welfare plans.

TABLE 33—INSURANCE TAX ASSESSMENTS AGAINST LICENSED INSURERS, TAX RATE, TAXES ON PREMIUMS, LOCAL PROPERTY TAX CREDITS ALLOWED, TAXES ON OCEAN MARINE BUSINESS, AND TOTAL TAXES ASSESSED, 1911–15 TO 1985 [a]

Year of assessment 1	Number of assessments [b] 2	Gross premiums tax rate (percent) 3	Taxes assessed on premiums [c] 4	Local property tax credits allowed 5	Taxes assessed on underwriting profits: ocean marine [d] 6	Total taxes assessed 7
1985	1,182 [e]	2.33	$655,697,936	—	$85,824	$655,783,760
1984	1,174	2.33	584,542,259 [m]	—	66,928	584,609,187
1983	1,144	2.33	460,219,302 [l]	—	183,981	460,403,283
1982	1,106	2.35	472,705,232	—	225,083	472,930,315
1981	1,064	2.35	448,622,737	—	145,962	448,768,699
1980	1,065	2.35	429,479,576	—	100,375	429,579,951
1979	1,038	2.35	396,871,905	—	144,456	397,016,361
1978	1,008	2.35	363,665,780	—	74,843	363,740,623
1977	934	2.35	299,712,880	— [k]	37,018	299,749,898
1976	967	2.35	248,537,130	$17,840,567	23,124	230,719,687
1975	992	2.35	211,975,924	16,731,201	79,999	195,324,722
1974	1,010	2.35	209,787,954	16,160,417	165,802	193,793,339
1973	989	2.35	195,049,519	16,406,592	141,337	178,784,264
1972	977	2.35	174,529,967	13,918,775	88,938	160,700,130
1971	915	2.35	160,307,804	11,673,670	45,488	148,679,622
1970	894	2.35	141,892,452	9,785,420	25,209	132,132,241
1969	830	2.35	130,895,320	7,610,137	13,518	123,298,701
1968	787	2.33	119,132,434	6,314,488	9,791	112,827,737
1967	782	2.33	111,445,400	6,377,277	4,213	105,072,336
1966	791	2.33	105,050,308	6,239,578	10,763	98,821,493
1965	833	2.33	97,782,471	5,601,383	24,785	92,205,873
1964	826	2.35	90,473,809 [f]	4,979,745	38,516	85,532,580 [f]
1963	815	2.35	82,521,529	4,766,754	44,475	77,799,250
1962	809	2.35	75,504,917	4,291,305	42,206	71,255,818
1961	767	2.35	71,235,283	3,854,507	39,688	67,420,464
1960	736	2.35	65,169,948	3,341,844	20,307	61,848,411
1959	711	2.35	58,377,347	3,153,605	13,601	55,237,343
1958	716	2.35	53,461,244	2,714,160	19,843	50,766,927
1957	728 [g]	2.35	48,365,723	2,278,623	54,234	46,141,334
1956	828	2.35	44,476,726	2,026,931	83,296	42,533,091
1955	809	2.35	40,810,154	1,781,071	75,118	39,104,201
1954	803	2.35	40,040,521	1,601,342	61,743	38,500,922
1953	796	2.35	35,634,480	1,393,689	83,909	34,324,700
1952	782	2.35	30,384,576 [h]	1,331,108	123,333	29,176,801 [h]
1951	781	2.35	26,404,606	1,266,639	144,753	25,282,722
1946–1950	3,790	[i]	101,734,147	4,178,399	454,383	98,010,131
1941–1945	3,400	[i]	58,111,232	5,777,662	139,007	52,472,577
1936–1940	3,405	2.60	44,427,176	8,395,968	59,270	36,090,478
1931–1935	3,128	2.60	34,850,689	3,342,794	87,173	31,595,068
1926–1930	2,834	2.60	33,143,423	3,031,155	—	30,112,268
1921–1925	1,209	2.60	20,170,810	1,460,622	—	18,710,188
1916–1920	1,664	2.00	7,257,013	272,834	—	6,984,179
1911–1915	1,490	[j]	3,893,525	169,848	—	3,723,677

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[a] Excludes assessments against life insurance companies not licensed by the State to write insurance on California risks.

[b] Includes only annual premiums tax assessments showing tax liability and ocean marine assessments.

[c] Includes retaliatory assessments (except for the period from 1945, when the retaliatory tax law was repealed, through 1959 when the law was reestablished), penalties for late filing or nonfiling of returns, and adjustments of prior year taxes.

[d] Includes penalties for late filing or nonfiling of returns. By constitutional amendment adopted in 1930, ocean marine insurance was removed from the scope of the gross premiums tax and subjected to a 5 percent tax on underwriting profits.

[e] Defined in footnote b. In addition there were 154 retaliatory tax assessments and 263 returns that showed no tax liability, of which 158 were for life, casualty, and title insurers, and 105 for ocean marine insurers.

[f] Excludes $22,859,004, which represents the prepayments the companies assessed themselves, computed at the rate of 2.33 percent on the premiums written in the first quarter of 1964.

[g] Beginning in 1957, life insurance companies writing disability insurance were assessed only once. In all prior years such companies were assessed twice; one assessment covered their life insurance and annuity policies, and one covered their disability insurance business. In 1956 there were 93 such companies.

[h] Beginning in 1952, the State Compensation Insurance Fund became subject to assessment by the Board.

[i] The tax rate declined by .05 percent per year from 2.60 percent in 1943 to 2.35 percent in 1948. The decrease was intended to compensate for a gradual restriction of the real estate tax offset privilege. In the 1944 assessment, the maximum offset for taxes on real estate other than the principal office in the state was 75 percent of the company's 1940 offset on such property. The next year it was 55 percent; the next, 35 percent; then 15 percent. From 1948 on, only taxes on principal offices have been eligible for offset.

[j] The gross premiums tax rate was 1.50 percent during 1911 and 1912, 1.75 percent in the following two years, and 2.00 percent in 1915.

[k] This tax credit on the home or principal office in California was eliminated by proposition 6 which was approved by the voters on June 8, 1976; see Chapter 938, Statutes of 1975.

[l] Refunds granted by court decision in the amount of $31,299,011 for the principal office deduction for the year 1976 have been deducted.

[m] Includes $43,872,613 in 1984 and $50,262,105 in 1985 assessed against claim payments made under "Mini-Met" type minimum premium payment group health and welfare plans. The State Supreme Court found these payments to be subject to the gross premiums tax.

TABLE 34—FEDERAL, STATE, AND LOCAL TAX COLLECTIONS, 1950–51 TO 1984–85

(In thousands of dollars)

Fiscal year 1	Federal taxes [a] 2	State taxes other than disability insurance [b] 3	Local taxes and ad valorem assessments [c] 4	Total 5
1984–85	n.a.	31,191,916	14,336,700 [d]	n.a.
1983–84	76,623,643	27,546,937	12,972,704 [f]	117,143,284
1982–83	70,893,434	23,762,901	11,630,998	106,287,333
1981–82	71,541,870	23,081,477	10,527,278	105,150,625
1980–81	67,149,915	21,290,825	9,369,680	97,810,420
1979–80	58,873,061	20,558,664	8,525,000	87,956,725
1978–79	49,558,113	17,781,295	7,515,000	74,854,408
1977–78	42,772,775	16,266,712	12,791,000	71,830,487
1976–77	37,997,043 [e]	13,873,801	11,442,000	63,312,844
1975–76	28,091,997	11,661,724	10,093,000	49,846,721
1974–75	28,510,065	10,350,879	9,087,000	47,947,944
1973–74	24,959,348	8,503,309	8,141,345	41,604,002
1972–73	21,386,204	7,859,022	8,150,000	37,395,226
1971–72	18,962,545	7,086,506	7,325,000	33,374,051
1970–71	17,629,909	5,979,962	6,545,000	30,154,871
1969–70	18,596,235	5,851,911	5,789,464	30,237,610
1968–69	16,777,444	5,599,729	5,369,543	27,746,716
1967–68	15,455,808	5,090,195	4,787,145	25,333,148
1966–67	13,098,149	3,978,106	4,336,397	21,412,652
1965–66	11,085,100	3,889,945	3,896,042	18,871,087
1964–65	10,443,242	3,562,865	3,537,505	17,543,612
1963–64	10,534,708	3,369,236	3,247,449	17,151,393
1962–63	9,806,770	2,987,506	3,011,527	15,805,803
1961–62	9,091,751	2,673,724	2,769,131	14,534,606
1960–61	8,486,217	2,489,916	2,521,870	13,498,003
1959–60	7,997,711	2,364,532	2,306,318	12,668,561
1958–59	6,923,618	1,947,824	2,073,642	10,945,084
1957–58	6,753,950	1,786,926	1,856,780	10,396,756
1956–57	6,643,780	1,757,400	1,606,115	10,007,295
1955–56	6,008,419	1,654,153	1,400,489	9,063,061
1954–55	5,184,128	1,433,546	1,241,175	7,858,849
1953–54	5,356,963	1,339,870	1,121,205	7,818,038
1952–53	5,287,729	1,263,722	1,030,091	7,581,542
1951–52	4,645,285	1,214,772	933,783	6,793,840
1950–51	3,558,227	1,116,063	869,460	5,543,750

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[a] Includes the railroad employment compensation tax but excludes custom duties which are not classified as internal revenue.

[b] Unemployment insurance tax collections totaling $2,174,347,143 are included in the figure for 1984–85 but the State's unemployment compensation disability tax, on the other hand, which yielded $986,988,638 in the fiscal year, is excluded because it lacks one of the characteristics that most definitions require of a tax: it is not a "compulsory payment" since an approved private plan may be substituted for the state insurance financed by means of this levy.

[c] Includes (1) property taxes; (2) state-administered local sales and use taxes, whether distributed or withheld by the state as a service charge; (3) franchises; (4) business license taxes; (5) animal licenses; (6) bicycle licenses; and (7) ad valorem special assessments collected by county officials—levies which are extended against the assessed values of land and improvements (but not personal property) to finance activities which are supposed to confer benefits on each property owner of a value approximately equal to his share of the levy.

[d] Estimated.

[e] Beginning with 1976–77 the federal fiscal year runs from October 1, through September 30.

[f] Revised.

PUBLICATIONS OF THE

CALIFORNIA STATE BOARD OF EQUALIZATION

Copies of free Board of Equalization publications may be obtained at any of the Business Taxes field offices listed on page A-44. For information and prices on publications available at cost, write to the California State Board of Equalization, Forms Management Unit, P.O. Box 1799, Sacramento, CA 95808.

PAMPHLETS AT NO CHARGE

No. 1 Sales and Use Tax Law
No. 2 Uniform Local Sales & Use Tax Law and Transactions & Use Tax Law
No. 3 Use Fuel Tax Law
No. 4 Cigarette Tax Law
No. 5 Alcoholic Beverage Tax Law
No. 6 Motor Vehicle Fuel License Tax Law
No. 7 Tax on Insurers Law
No. 8 Private Railroad Car Tax Law
No. 9 Tax Tips for Construction and Building Contractors
No. 10 Energy Resources Surcharge Law
No. 11 Energy Resources Surcharge Regulations
No. 12 Use Fuel Tax for Vendors and Users—Use Fuel Regulations and Analysis
No. 14 Motor Vehicle Fuel License Tax Regulations
No. 15 Cigarette Tax Regulations
No. 16 Alcoholic Beverage Tax Regulations
No. 17 Appeals Procedures
No. 18 Tax Tips: Sales Tax Guide for Volunteer and Nonprofit Fund Raising Organizations
No. 20 California Emergency Telephone Users Surcharge Law
No. 21 State Board of Equalization
No. 22 Tax Tips for the Dining and Beverage Industry
No. 24 Tax Tips for Package (Off-Sale) Liquor Stores
No. 25 Tax Tips for Auto Repair Garages and Service Stations
No. 27 Tax Tips for Drug Stores
No. 28 Business Tax & Property Tax Information for City and County Officials
No. 29 Property Tax Facts for Policy Makers
No. 31 Tax Tips for Grocery Stores
No. 32 Tax Tips for Sellers Making Sales for Resale or Export to Purchasers from Mexico
No. 34 Tax Tips for Motor Vehicle Dealers (New & Used)
No. 35 Tax Tips for Interior Designers and Decorators
No. 36 Tax Tips for Veterinarians
No. 37 Tax Tips for the Graphic Arts Industry
No. 38 Tax Tips for Advertising Agencies
No. 39 Emergency Telephone Users Surcharge Regulations
No. 40 Tax Tips for the Watercraft Industry
No. 41 Assessing Public Utilities
No. 43 Timber Yield Tax Law
No. 44 Transit Taxes Effective in Five Regions
No. 45 Tax Tips for Hospitals
No. 46 Tax Tips for Leasing of Tangible Personal Property in California
No. 47 Tax Tips for Manufactured Housing
No. 48 Church Exemption; Religious Exemption; and Religious Aspects of the Welfare Exemption
No. 59 Local Motor Vehicle Fuel Taxation Law
No. 60 Hazardous Substances Tax Law
No. 61 Exemptions and Exclusions from Sales and Use Taxes
No. 62 Tax Tips for Locksmiths
No. 63 Universal Telephone Service
No. 64 Tax Tips for Jewelry Stores

INDIVIDUAL COPIES AT NO CHARGE

Sales and Use Tax Regulations*
Uniform Local Sales and Use Tax Regulations*
Transactions (Sales) and Use Tax Regulations*
Motor Vehicle Fuel License Tax Regulations*
Use Fuel Tax Regulations*
Tax Information Bulletin (published quarterly)*
State of California Sales Tax Reimbursement Schedules
Property Tax Rules*
Annual Calendar of Board Meetings
List of Board of Equalization Publications Available to the Public
Taxable Sales in California (published quarterly)
Annual Report of the State Board of Equalization
Hearing Procedures of the State Board of Equalization

PUBLICATIONS AT COST

Business Taxes Law Guide
Property Taxes Law Guide
Business Taxes Audit Manual

IF YOU ARE IN DOUBT ABOUT HOW THE SALES AND USE TAX LAW APPLIES, PLEASE LET US KNOW.

While the Board staff will be happy to provide verbal responses to your questions, you are encouraged to write or visit the nearest Board of Equalization Office. Requests for advice regarding a specific activity or transaction should be in writing and should fully describe all the facts.

Effective January 1, 1985, the Board may relieve taxpayers of tax, interest, and penalties where the Board finds that the failure to make a timely return or payment of sales or use tax was due to the taxpayer's reliance on written advice from the Board. This relief is available only when there has been written advice by the Board staff in response to a written request from a specific taxpayer, who described fully the specific facts and circumstances of the activities or transactions for which the advice was requested. (Assembly Bill 3338, Chapter 1728, Statutes of 1984)

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*When requesting these items please designate specific regulation, rule, or issue.

CALIFORNIA STATE BOARD OF EQUALIZATION OFFICES

District	Board Members	Office Address	Area Code	Telephone Number
First	WILLIAM M. BENNETT	1020 N St., Sacramento 95814	916	445-4081
Second	CONWAY H. COLLIS	901 Wilshire Blvd., Suite 210, Santa Monica 90401	213	451-5777
		From L.A.	213	852-5024
Third	ERNEST J. DRONENBURG, Jr.	110 West C St., Suite 1709, San Diego 92101	619	237-7844
Fourth	RICHARD NEVINS	20 E. Foothill Blvd., Caller 16, Arcadia 91006-0016	818	350-6423
		From L.A.	213	681-3551
State Controller	KENNETH CORY	State Capitol, Room 1114, Sacramento 95814	916	445-3028
SACRAMENTO HEADQUARTERS	DOUGLAS D. BELL, Executive Secretary	1020 N St., Sacramento 95814	916	445-6464

California Cities Business Taxes Field Offices	**Office Hours 8-5 Unless Otherwise Listed Below**	**Office Address**	**Area Code**	**Telephone Number**
Arcadia		20 E. Foothill Blvd., 91006	818	350-6401
		From L.A.	213	681-6675
Auburn	8-12 & 1-5 M thru F	550 High St., Suite 3, 95603	916	885-8408
Bakersfield		525 18th St., 93301	805	395-2880
Bishop	8-12 & 1-5 M thru F	407 W. Line St., Room 3, 93514	619	872-3701
Chico	8-12 & 1-5 M thru F	8 Williamsburg Lane, 95926	916	893-0266
Covina		233 N. Second Ave., 91723	818	331-6401
Crescent City	8-12 & 1-5 M thru F	1080 Mason Mall, 95531	707	464-2321
Culver City		3861 Sepulveda Blvd., Caller Box 3652, 90231-3652	213	313-7111
		From L.A.	213	879-0600
Downey		11229 Woodruff Ave., 90241	213	803-3471
		From L.A.	213	773-3480
El Centro	8-12 & 1-5 M thru F	1699 W. Main St., Suite H, 92243	619	352-3431
Eureka	8-12 & 1-5 M thru F	1656 Union St., Room 119, 95501	707	442-4503
Fresno		2550 Mariposa St., Room 2080, 93721	209	445-5285
Hayward	8-12 & 1-5 M thru F	795 Fletcher Lane, 94544	415	881-3544
Hollywood		5110 Sunset Blvd., 90027	213	663-8181
Lakewood		4040 Paramount Blvd., Suite 100, 90712	213	421-3295
		From L.A.	213	636-2466
Marysville		922 G St., 95901	916	741-4301
Merced	8-12 & 1-5 M thru F	3191 M St., Suite A, 95340	209	383-2831
Modesto		1020 15th Street, Suite E, 95354	209	576-6360
Nevada City	8-12 & 1-5 M thru F	301 Broad St., 95959	916	265-4628
Oakland		1111 Jackson St., Room 7072, 94607	415	464-0347
Ontario	8-12 & 1-5 M thru F	320 West G St., Suite 105, 91762	714	983-5969
Oroville	8-12 & 1-5 M thru F	2445 Oro Dam Blvd., Suite 3A, 95966	916	534-2359
Palmdale	8-12 & 1-5 M thru F	37925 Sixth St., East, 93550	805	947-8911
Placerville	8-12 & 1-5 M thru F	100 Forni Rd., Suite 1B, 95667	916	622-1101
Pleasant Hill	8-12 & 1-5 M thru F	395 Civic Dr., Suite D, 94523	415	687-6962
Quincy	9-1 M thru F	546 Lawrence St., 95971	916	283-1070
Rancho Mirage	8-12 & 1-5 M thru F	42-700 Bob Hope Drive, Suite 301, 92270	619	346-8096
Redding	8-12 & 1-5 M thru F	391 Hemsted Dr., 96099	916	225-2725
Sacramento		1891 Alhambra Blvd., 95816	916	739-4911
Salinas		21 W. Laurel Dr., Suite 79, 93906	408	443-3008
San Bernardino		303 W. Third St., Suite 500, 92401	714	383-4701
San Diego		1350 Front St., Room 5047, 92101	619	237-7731
San Francisco		350 McAllister St., Room 2262, 94102	415	557-1877
San Jose		100 Paseo de San Antonio, Room 307, 95113	408	277-1231
San Luis Obispo	8-12 & 1-5 M thru F	940 Chorro St., 93401	805	549-3131
San Marcos		365 So. Rancho Santa Fe Road, 92069	619	744-1330
San Mateo		520 So. El Camino Real, Suite 740, 94402	415	573-3578
San Rafael	8-12 & 1-5 M thru F	7 Mt. Lassen Drive, Suite B-136, 94903	415	472-1513
Santa Ana		28 Civic Center Plaza, Room 239, 92701	714	558-4051
Santa Barbara		411 E. Canon Perdido St., Room 11, 93101-1589	805	965-4535
Santa Cruz	8-12 & 1-5 M thru F	303 Water St., Suite 6, 95060	408	458-4861
Santa Maria	8-12 & 1-5 M thru F	325 East Plaza Dr., Bldg 3, Suite 4, 93454	805	925-7417
Santa Rosa		50 D Street, Room 215, 95401	707	576-2100
Sonora	8-12 & 1-5 M thru F	1194 N. Highway 49, 95370	209	532-6979
South Lake Tahoe	8-12 & 1-5 M thru F	2489 Lake Tahoe Blvd., Suite 7, 95705	916	544-4816
Stockton		31 E. Channel St., Room 264, 95202	209	948-7720
Susanville	9-1 M thru F	63 N. Roop St., 96130	916	257-3429
Torrance		690 West Knox St., 90507-0270	213	516-4300
		From L.A.	213	770-4148
Ukiah	8-12 & 1-5 M thru F	620 Kings Court, Suite 110, 95482	707	462-1988
Vallejo	8-12 & 1-5 M thru F	704 Tuolumne St., 94590	707	648-4065
Van Nuys		6150 Van Nuys Blvd., 91401	818	901-5293
Ventura		2590 E. Main St., Suite 101, 93003-2619	805	654-4523
Visalia		111 S. Johnson St., Suite E, 93291	209	732-5641
Woodland	8-12 & 1-5 M thru F	96 W. Main St., Suite 2, 95695	916	662-7331
Yreka	8-12 & 1-5 M thru F	1217 So. Main Street, 96097	916	842-7439
Out-of-State Field Offices				
Sacramento Headquarters		1820 14th St., 95814	916	322-2010
Chicago, Illinois		150 N. Wacker Dr., Room 1400, 60606	312	782-7253
New York, N.Y.		675 Third Ave., Room 520, 10017	212	697-4680
Houston, Texas	(By appointment)	9800 Northwest Freeway, Ste. 108, 77092	713	681-1106

Property Taxes Field Offices			
Eureka (Timber)	1656 Union Street, Room 120, 95501	707	445-2031
Fresno (Assessment Standards)	2550 Mariposa St., Room 2020, 93721	209	445-5305
Hayward (Assessment Standards—Valuation)	795 Fletcher Lane, 94544	415	881-3584
Redding (Timber)	2400 Washington Ave., Suite 210, 96001	916	225-2670
Sacramento (Assessment Standards)	1927 13th Street, 95814	916	445-4982
Orange (Assessment Standards)	140 S. Flower St., Suite 101	714	634-9133
Orange (Valuation)	140 S. Flower St., Suite 102	714	634-9118
Sacramento (Timber)	1325 S Street, 95814	916	445-6964